

Policy on Cost Sharing

Policy Number	ACA-022
Effective Date	When Signed
Responsible Office/Person	Academic Affairs: Provost/COO; Vice Chancellor
Related Policies	See Below
Additional History	
Additional References	

University of Massachusetts Dartmouth
Division of Academic Affairs
Policy on Cost Sharing

Purpose

The purpose of this policy is to provide direction and process for proposing, contributing, documenting, tracking and reporting cost share on externally funded sponsored projects. This policy provides guidance to ensure best practices in the fiscal management of grants and contracts at the University of Massachusetts Dartmouth (UMass Dartmouth) and to meet the requirements of [OMB 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (also known as Uniform Guidance – UG) and other sponsoring agencies.

Scope

This document sets forth the University’s policy on cost sharing and in-kind/matching on all externally funded sponsored projects. The policy applies to all faculty and staff involved in the fiscal operations and administration of grants and contracts or otherwise with the authority to identify expenses under grants and contracts.

Policy

It is the policy of UMass Dartmouth to recover full costs from externally sponsored projects. Cost share should be included in proposal submissions only:

- when required by agency policy or guidelines, clearly stated in the notice of funding announcement (mandatory), or
- after weighing the cost effectiveness and the expected benefits as well as considering the financial implications, administrative requirements and responsibilities inherent in the voluntary committed cost sharing, in cases when it is not prohibited by the agency and
- with approval of appropriate Academic Unit responsible party.

It is, further, the policy of UMass Dartmouth that any cost share included in a proposal must meet the regulatory requirements, as appropriate, of the funding agency, university and federal regulations. In general, UMass Dartmouth does not provide cost share for agreements with industry or corporate sponsors.

Definitions

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Cost Sharing: Cost sharing or matching means the portion of project costs not paid by the sponsoring agency (unless otherwise authorized by Federal statute). In order to be included as cost sharing it must meet all the criteria stated in UG §200.306, outlined in section Eligibility for Cost Sharing below.

Mandatory Cost Sharing: Mandatory cost sharing is an eligibility criterion that occurs when a sponsor requires cost share to be included as a condition for proposal submission.¹ It must be documented. The requirement may be identified in the funding announcement, award terms and conditions, or within the agency's policies or guidelines.

Voluntary Committed Cost Sharing: Voluntary committed cost sharing represents quantifiable resources offered by an institution in the proposal when the sponsor has not included cost share as an eligibility requirement. Inclusion of voluntary cost sharing is prohibited on NSF proposals. Voluntary committed cost sharing is not expected on federal research proposals and, unless, it was specified in the notice of funding opportunity and is in accordance with Federal awarding agency regulations, it cannot be used as a factor during the merit review of applications or proposals. Voluntary Committed Cost Sharing is defined in UG §200.99.¹

Committed Cost Sharing: Regardless of whether cost sharing commitments included in the proposal are mandatory or voluntary in nature, if the proposal is funded, the cost sharing becomes a binding legal commitment for the University.¹

Voluntary Uncommitted Cost Sharing (VUCS): VUCS effort is defined as University faculty, including senior research personnel, effort that is over and above that which is committed and budgeted for in a sponsored agreement. See Office of Management and Budget (OMB) clarification issued on January 5, 2001 regarding Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs which is also referenced in UG §200.306 (k). VUCS should be treated differently from committed effort and should neither be tracked/reported, nor be included in the Organized Research base for computing the F&A rate.¹

In-Kind Cost Sharing: In-kind cost sharing are contributions wherein the value can be readily determined, verified, documented, and justified, but where no actual cash is transacted in securing the good or service comprising the contribution. When applicable, an estimated value of the in-kind cost sharing should be determined and documented based on the fair market value at the time of the accepting award. In-kind cost sharing must be tracked.

Facilities and Administrative (F&A) costs (or indirect costs/overhead): F&A "costs mean those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily be assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved..." (UG §200.56)

Procedures

This policy applies to all sponsored projects and is the responsibility of Principal Investigators (PIs) and his/her responsible departments and Sponsored Projects Administration (SPA).

Pre-Award:

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Cost share utilizes university resources, and therefore must be approved by the appropriate university offices (departments, colleges and/or centers, and SPA) at the time the proposal is routed internally and submitted to the agency. Committed cost share must be documented on the Proposal Routing Form (PRF) and in the proposal, for example, letters, budget, or other documentation to verify commitments to meet cost sharing requirements, if an award is made.

- The PI is responsible for clearly identifying cost sharing commitments in proposals and, when the award is made, for ensuring the commitments are met.
- SPA Pre-award Managers should ensure that cost sharing commitments are appropriately included, not included, or appropriately adjusted in proposals in accordance with this policy and that promises of funding are “guaranteed” by written commitments and/or guarantee accounts.¹

Post-Award:

After the funding agency issues an award to UMass Dartmouth, the University is required by Federal guidelines to document, track and report mandatory and voluntary committed cost share.

- For each award, the PI and/or school or department fiscal officer will be responsible for supplying SPA a valid account number as the source account for the committed cost share. Multiple source accounts are permitted. In order to avoid delays during award setup, the source account information should be provided in the original PRF and proposal budget, if applicable.
- Cost share companion account(s) will be established in the system by SPA Grant Managers.
- The PI and/or department fiscal officer as well as SPA post-award staff will be responsible for ensuring and tracking that allowable cost share expenditures are charged to the cost share companion account(s) in a timely manner.
- Expenditures will be monitored and recorded to verify commitment is met.
- Grant Accountants will submit necessary reports on cost sharing to the sponsor, as required.

Methods of cost sharing:

1. **University Cash Cost Sharing** is a cash expenditure on a specific sponsored project, most often salaries/wages and employee benefits, but can also include other operating expenditures, for example, can be in the form of purchases of equipment or supplies.
2. **Third-Party Cost Sharing** may be cash or non-cash. Third party cost share must be documented by the third party.

Non-Cash contributions - are the value of contributed goods and services directly benefiting the project. All non-cash contributions **must be verifiable**. The sponsored proposal or agreement should include information on any third-party non-cash contributions.

Cash contributions - should normally be processed through a separately assigned account designated as a Third-party Match.

3. **Unrecovered F&A costs** - if unrecovered F&A costs are the approved method for University cost sharing, the F&A costs are forfeited, meaning that UMass Dartmouth relinquishes the right to be paid by the sponsoring agency for these F&A costs.

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NOTE: Unrecovered F&A costs may only be included as part of cost sharing if approved by the Department Heads, Deans, Directors, appropriate Vice Chancellors, Vice Provosts and the sponsoring agency.

4. **Program Income** is income earned that is directly generated by a supported activity or earned as a result of the award. (See UG §200.80 & §200/307.) It may be used as cost sharing if approved by the sponsor.

Eligibility for Cost Sharing¹

The following type of costs may be offered and used to satisfy cost sharing requirements:

- General costing concepts apply, i.e., the guiding principles of UG, Subpart E is applicable to cost sharing contributions – the costs must be allowable, allocable, reasonable and necessary.
- Cost share commitments are only met when expenditures are incurred and the project has benefitted from the expenses.
- Costs used to meet cost sharing obligations may only be used once.
- Costs must meet the following criteria:
 1. be verifiable from the non-Federal entity's records
 2. not be included as contributions for any other Federal award
 3. be necessary and reasonable for accomplishment of project or program objectives
 4. be allowable under Subpart E – Cost Principles of this part
 5. not be paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs
 6. be provided for in the approved budget when required by the Federal awarding agency, and
 7. conform to other provisions of this section, as applicable.¹

Cost sharing is subject to audit. If cost sharing is not obtained or adequately documented, the sponsoring agency could request repayment of Federal funding on the award.¹

Restrictions

This policy applies to all sponsored projects. All PIs and administrators at UMass Dartmouth within all colleges/schools, units, divisions, University-wide initiatives, and centers who are involved with the administration and conduct of sponsored projects must comply with this policy. Failure to adhere to this policy and procedures may result in the administrative suspension and/or termination of a sponsored project and other actions.

Responsibility

Responsible Office: Sponsored Projects Administration

Responsible Officer: Associate Provost for Research and Economic Development

Responsible Executive: Provost/Executive Vice Chancellor Academic Affairs

Policy Changes

The Division of Academic Affairs will review this policy every five years or sooner.

References

Policy on Cost Sharing

1. S. Bible & T. Fraser, *Cost Sharing: An Overview* 2nd ed., NCURA Micrograph Series 2015.

Related Policies

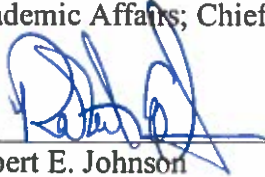
UMassD Policies

	<u>ACA-023</u>	Policy on Requests for Reduced F&A Recovery for Externally Funded Grants
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Approvals:



Mohammad A. Karim
Provost; Executive Vice Chancellor for
Academic Affairs; Chief Operating Officer



Robert E. Johnson
Chancellor



Michael J. Barone
Interim Vice Chancellor for Administration &
Finance; Chief Financial Officer

Date



