

COST SHARING



Sponsored Projects Administration
UNIVERSITY OF GEORGIA

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Owner:	Jill Frazier Tincher
Area:	Sponsored Projects Admin
Applicability:	UGA System-Wide

POLICY AND PROCEDURE

PURPOSE:

The purpose of this policy is to ensure compliance with the standards set forth in the Federal Office of Management and Budget 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), Federal and State regulations, and sponsor-specific requirements. This policy provides guidance which will assist University of Georgia (UGA) personnel proposing, performing and managing sponsored activities. Cost sharing represents the portion of specifically allocated total project costs not borne by the sponsor, and is typically in the form of actual expenditure of funds. Cost sharing on sponsored projects must be allowable, allocable and reasonable.

Failure to comply with UGA policies and procedures may result in audit findings, suspension of sponsored activities, closer monitoring by the sponsor, delays in final payments, and/or other enforcement actions imposed by the sponsor. This policy applies to all Federal and non-Federal sponsored activities, including all externally funded activities (i.e., research, public service and outreach, instruction, and cooperative extension).

SCOPE:

All UGA personnel must be aware of the complex and detailed rules provided under Federal, State regulations, as well as terms and conditions of individual sponsored activities.

POLICY:

Sponsored projects will comply with all applicable Federal, State and/or sponsor-specific cost share and costing policies. This is applicable to building proposal budgets, negotiating sponsored projects, setting up sponsored projects, as well as initiating, approving, invoicing and reporting costs.

The University of Georgia encourages and supports the efforts of faculty to obtain external funding. Principal Investigators (PI's) are strongly encouraged to request the total anticipated direct and indirect costs of a project within their proposal budgets. UGA recognizes that some sponsors have their own policies regarding cost share or matching. Cost sharing can be defined as follows:

COST SHARE

Cost share is the portion of project costs not paid by the sponsor. It is often the institutional financial commitment to a project and comes in the form of:

- Salary and associated fringe benefits;
- Travel;
- Equipment;
- Supplies;
- Etc.

MANDATORY COMMITTED COST SHARE

Mandatory committed cost share is required by the sponsor and will be used as a factor during the merit review process of the application. Considering the administrative requirements and responsibilities inherent in the cost sharing commitment, the PI (or other person responsible for the identified project) should carefully weigh the cost effectiveness versus the expected benefits of each potential cost sharing commitment. The use of cost sharing should not overburden University and unit resources. Mandatory cost sharing expenditures are tracked, documented and will be reported to sponsors.

VOLUNTARY COMMITTED COST SHARE

Voluntary cost share is any cost share specifically pledged on a voluntary basis. This includes cost share above or beyond the sponsor's mandate. According to federal guidelines, cost share cannot be used as an evaluative criteria during the merit review process unless it was mandated in the funding opportunity.

Voluntary cost sharing includes a redirection of unit resources from teaching or other unit activities to support a sponsored project. Voluntary cost sharing results in the future limitation of scarce unit resources and negatively impacts the overall institution's Indirect Cost Rates. **UGA strongly discourages all forms of voluntary cost share.** Voluntary cost share will not be allowed for federal and federal flow-thru proposals. Voluntary cost share is strongly discouraged for non-federal sponsors and will only be considered in unique circumstances.

THIRD-PARTY IN-KIND CONTRIBUTIONS

Third-party in-kind contributions represent a third party's non-cash contributions (personnel, supplies, services, etc.) which are valued for the purpose of fulfilling cost share obligations benefiting each sponsored project. The University places no conditions on third-party in-kind contributions. Such cost sharing must be guaranteed by the third-party in writing at the time of the proposal submission. Additionally, the third-party will be required to document that they met this cost sharing requirement during the award and closeout stages.

Whenever cost sharing or matching is mandated by a sponsor:

PIs should only commit cost share of the minimum amount with the following expectations:

- If subrecipients are anticipated, each subrecipient must share in the cost share requirement.
- If third-parties are anticipated, each third-party must share in the cost share requirement.
- UGA will commit to the cost share requirement.

The costs used to meet cost sharing or matching requirements (including third-party in-kind contributions) must meet all of the following criteria:

1. Are verifiable from UGA or third-party records;
2. Are not included as contributions for any other sponsored awards;
3. Are necessary and reasonable for the accomplishment of the project/program objectives;
4. Are allowable under Federal and State regulations, and sponsor-specific requirements;
5. Are incurred during the project period.
6. Are not paid by another sponsored activity unless specifically authorized by the second sponsor;
7. Are provided and funded in the approved budget if required by the sponsor; and
8. Conforms to all provisions in 2 CFR 200 and other Federal, State and other sponsor requirements.

Unrecovered indirect costs, including indirect costs generated from direct costs which are being cost shared, may be included as part of cost sharing with the prior approval of the sponsor.

The following items cannot be treated as cost sharing on sponsored projects:

1. Unallowable costs as defined in 2 CFR 200;
2. Salary dollars above a regulatory salary cap;
3. University facilities, such as laboratory space;
4. Depreciation on federally-funded equipment; and
5. Overdrafts of sponsored projects.

DEFINITIONS:

The terms "cost sharing," "matching," and "in-kind" refer to that portion of the total project costs not borne or paid by the sponsor. The terms "cost sharing," "matching," and "in-kind" are often used interchangeably. Attention should be given to sponsor definitions of these terms. Cost Share / Match is broken down into three subcategories:

1. Third-party in-Kind contributions represent the value of non-cash contributions that (a) benefit a sponsored project and (b) are contributed by a non-Federal third party, without charge, to the sponsored project. Funds and costs do not flow through the University's financial system.
2. Committed Cost Share is quantified in the proposal budget, justification, or stated in the proposal/award documents. Committed Cost share can be:
 - a. Mandatory when the sponsor guidelines/funding announcement require committed cost share, or
 - b. Voluntary when cost sharing is not expected by the sponsor. Voluntary cost share cannot be used as a factor during the merit review process, yet the PI has voluntarily included cost share within the proposal.
3. Uncommitted Cost Share is voluntary cost sharing not pledged in the proposal and subsequently not stated in award documents. This type of cost sharing is more than what is agreed to as part of the award. This is commonly referred to as voluntary uncommitted cost share, does not have to be documented or reported, and often comes in the form of excess time spent on the project, excess expenses incurred, etc.

Unrecovered indirect cost is the difference between the indirect cost amount actually charged to the sponsored project and the amount which could have been charged under the UGA approved Indirect Cost Rate.

PROCEDURE:

When preparing a proposal, negotiating and setting up a sponsored project, incurring and approving expenses, and invoicing and reporting, UGA personnel must be aware of and conform to the complex and detailed rules surrounding cost share and costing principles. Proposal budgets should be prepared after thoroughly reviewing 2 CFR 200, sponsor requirements and based upon a best faith estimate of costs needed to perform the scope of work.

1. PIs are strongly encouraged to review the funding opportunity and sponsor requirements. When committed cost sharing is mandated/required by the sponsor and/or within the funding opportunity, PIs should only cost share the minimum amount required.
2. PI's should exercise caution in preparing proposals for sponsored projects by:
 - a. Characterizing facilities, equipment and space as resources available for the performance of the sponsored project;

- b. Including the acquisition of special-purpose equipment (equipment or instrumentation grants) where UGA supports a portion of the cost mandated by a cost share/match requirement.
3. The source of funds supporting cost share commitments may not be other sponsored projects, except as authorized by federal/state statute or sponsor approval. Identifying and providing resources for cost sharing of direct costs (including equipment) is always the responsibility of the PI/unit.
4. Each cost share amount is approved through the Grants Portal by the relevant dean, director, or department head. These approvals are binding and indicate a willingness to provide cost share resources in support of the proposed project.
5. Once awarded, Sponsored Projects Administration will establish the Project ID and applicable chartstrings, budget the sponsored project as awarded, determine the required cost share/match from the proposal and award, and provide this information to the PI/unit responsible for administering the sponsored project. The PI/unit will ensure there is a departmental budget source of funds for the cost share.
6. While Sponsored Project Administration records the cost share chartstring in the Grants Module, PI/unit must budget, record, and identify committed cost share as directly benefiting the project. Care should be taken to ensure expenses are applied appropriately against the Project ID cost share chartstring.
 - a. If the cost-sharing commitment is in the form of salary, the project effort should be documented accordingly.
 - b. If the cost share contribution is in the form of travel or supplies, the cost should be documented in the same way that travel and supplies are charged directly to the sponsored project or cost share chartstring.
7. The awarded PI/unit should ensure all cost share transactions are initiated and completed in a timely manner and gradually over the life of the project. Cost transfers to meet cost share commitments must be completed prior to fiscal year-end.
8. If you have another sponsored project (i.e., from a private or state sponsor) for a related study, this may satisfy the cost sharing requirement. In this case, please consult with Sponsored Projects Administration prior to proposal submission.

RESOURCES:

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards



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Sponsored Projects Administration | 706-542-5939 | <http://spa.uga.edu>
