

KEAN UNIVERSITY

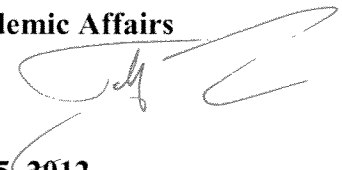
OFFICE OF RESEARCH AND SPONSORED PROGRAMS

Policy Name: COST SHARING / MATCHING POLICY

Approval Authority: Office of Vice President, Academic Affairs

Originally Issued: September 12, 2006

Reviewed/Updated: November 3, 2010; October 25, 2012



1. Policy Statement

This policy establishes the requirements of the University regarding Cost Sharing related to all externally funded awards and agreements from federal, state and private agencies. It includes the procedures for allowable costs and compliance with sound fiscal management practices as well as regulations applicable to externally funded projects.

2. Reason/Purpose for Policy

If a commitment of the University resources is made in a proposal text/description it is cost share. Cost share commitments, even if they are not included in the project budget, will be administered in accordance with this policy. The policy was developed for the following purposes:

- To provide information to the University community regarding the contractual, financial, and administrative implications that result for the commitment to cost share.
- To provide guidance regarding the circumstances in which committed cost sharing is permitted by the University, including what kind of services, expenditures, or assets may be cost shared.
- To establish procedures by which the University can identify the Cost Sharing commitments it makes as a condition of obtaining external funding and demonstrate that it has fulfilled such commitments.
- To establish procedure for recording cost-shared expenditures in the University's accounting system in order to identify Cost Sharing as required by OMB Circular A-21, "Cost Principles for Higher Education."

Cost sharing, match and in-kind contributions are terms that refer to project costs that are supported by funding sources other than the primary sponsor. Although the terms are sometimes used interchangeably, the University defines *direct cost sharing* as out-of-pocket project costs contributed by the University. *Match* is defined as funding that is pledged to match a portion of

the primary sponsor's funding and may be in the form of cash or a third party in-kind contribution. *In-kind contribution* refers to non-cash contributions that are not recorded in the University's accounting system but be can be assessed a cash value.

The purpose of this policy is to inform principal investigators, administrators and staff about the circumstances under which cost sharing is allowable.

3. Policy Applies to:

This policy applies to all University personnel who are eligible to submit proposals for external funding.

4. The Policy

A. Definitions:

Cost sharing is the portion of the total project of an externally funded agreement/award that is contributed by the University and / or other non-federal resources but not reimbursed by the sponsor. Cost sharing can only be added to the proposal if it is required by the sponsor as one of the eligibility criteria to submit an application. Cost sharing, match and in-contributions are terms that refer to project costs that are supported by funding sources other than the primary sponsor. Although the terms are sometimes used interchangeably, the University defines *direct cost sharing* as out-of-pocket projects costs contributed by the University. *Match* is defined as funding that is pledged to match a portion of the primary sponsor's funding and may be in the form of cash or a third party in-kind contribution. *In-kind contribution* refers to non-cash contributions that are not recorded in the University's accounting system but be can be assessed a cash value.

Mandatory Cost Sharing is required by the sponsor as a condition of obtaining a grant agreement.

Voluntary Cost Sharing is not required by the sponsor but is committed by the University in the proposal.

Voluntary cost sharing will not be supported by the University because of the following:

- Funding agencies have documented that voluntary cost sharing will not enhance for promote the grant application.
- It is prohibited to include voluntary cost-sharing commitments in all components of both solicited and unsolicited National Science Foundation proposals.

B. Applicability:

In compliance with OMB Circular A-110 C.23, to be acceptable as cost sharing, expenditures must satisfy all of the following criteria:

- 1. Must be verifiable from official University records.**
- 2. Not be used as cost sharing for any other sponsored program.**
- 3. Be necessary and reasonable for proper and efficient accomplishment of the project.**
- 4. Allowable under A-21 (i.e., no phone charges, administrative salaries, general office supplies or office equipment).**
- 5. Be incurred during the effective date of the grant.**
- 6. Not paid by the federal government under another award.**

C. Sources for University Cost Sharing/Match

Cost sharing match is normally in the form of a direct cost that would otherwise be charged to the grant or contract, such as salary, capital equipment, or other direct cost items. Cost sharing may also take the form of waived or reduced Facilities & Administrative (F&A) costs.

1. Faculty or other project personnel effort (related salaries and fringe)
2. Laboratory supplies
3. Travel Expenses
4. Equipment
5. Space
6. Third party contributions (subawardees or other collaborating organizations)
7. Unrecovered F&A costs (i.e. when F&A is waived or reduced)

The following would be considered appropriate funds, i.e., cash, that the University may use to meet Cost Sharing/matching commitments.

1. Gifts
2. Endowment
3. Unrestricted departmental funds

D. Costs that are NOT ACCEPTABLE as Cost Sharing / Match

1. Costs pledged as Cost Sharing/March for another funded project.
2. Costs funded by another sponsored program.
3. Costs of construction or renovation of University buildings.
4. Costs that are included and reimbursed through the F&A rate (administrative salaries, office supplies, library expenses, and operations and maintenance expenses).
5. Salary dollars above a regulatory cap (e.g., NIH salary cap).
6. Overdrafts (unallowable under OMB circular A-21).
7. Otherwise unfunded salary for effort that extends beyond the contractual appointment (i.e. unfunded summer months for faculty with 10 month academic appointments).
8. Any cost not deemed to be necessary and reasonable for the proper and efficient accomplishment of project or program objectives.

Impacts of Cost Sharing

Cost sharing reduces the University's ability to maximize its reimbursement from external sponsors. In addition, there are negative F&A calculation and administrative impacts when committing to Cost Sharing.

5. Contacts

- A. Office of Research and Sponsored Programs
- B. Vice President Academic Affairs

6. Cost Sharing Process

- A. All requests for cost sharing / match must be approved by the Office of Research and Sponsored Programs and the Vice President for Academic Affairs.
- B. Once an award is made, at the request of the Office of Research and Sponsored Programs, a matching cost center will be established by the University Budget Office under fund 11.
- C. The matching cost center will be set-up in Datatel and be used to track all direct salary and non-salary cost share/match expenses.