



Cost Share

Guideline: SP01
 Responsible Executive: Vice
 President for Research
 Responsible Office: Office of
 Research and Sponsored Programs
 Approved by:
 Effective Date:
 Last Revised: 11/27/23

Definitions

Mandated Cost Sharing	Cost sharing required by the granting agency and specifically pledged in the proposal's budget or award. Any quantifiable cost sharing described in the proposal then becomes a condition of the award that results and must be documented and reported to the sponsor.
Voluntary Cost Sharing	Cost share is considered “voluntary” when an applicant describes a quantifiable amount of resources it will contribute to the project in the proposal even though the sponsor does not explicitly state in the proposal guidelines that cost sharing is required.
Voluntary Committed Cost Sharing	Cost sharing offered by the grantee and specifically pledged in the proposal's budget or award - under federal research proposals, voluntary committed cost share is not expected and often forbidden. It cannot be used as a factor during the merit review of applications or proposals.
Voluntary Uncommitted Cost Sharing	Defined as university faculty (donated) effort, or resources, that exceed what is committed and budgeted in a sponsored agreement. Such voluntary uncommitted cost sharing is not included in either the proposal budget or the narrative. It does not need to be tracked separately.
OMB Uniform Guidance 2 CFR 200 Subpart E, Cost Principles	Mandated and voluntary committed cost sharing must be properly documented for cost accounting purposes. Faculty must properly document compensated effort for projects funded by the federal government and private agencies/ corporations for those costs to be properly allocated by salary and associated F&A costs.

Guidelines

Guidelines for cost sharing as defined in OMB Uniform Guidance 2 CFR 200.306 are fully incorporated into the University policy. According to OMB Uniform Guidance, expenditures must satisfy the following criteria to be considered as cost sharing:

- a. Be verifiable from official University accounting records.
- b. Not be used as cost sharing for any other sponsored program.
- c. Be necessary and reasonable for proper and efficient accomplishment of project objectives.
- d. Be allowable under the applicable cost principles, OMB Uniform Guidance 2 CFR 200 Subpart E.
- e. Not paid by the federal government under another agreement.
- f. Be incurred during the effective dates of the grant or contract.
- g. Are provided for in the approved budget when required by the federal awarding agency.
- h. Unrecovered indirect cost, including indirect cost on cost sharing may be included as cost sharing with prior approval.

It is the practice of Kean University to provide cost sharing on grants and contracts when required by the program announcement. It is also expected that grants and contracts will include at least the full federally negotiated F&A rate unless the sponsor has a published rate lower than Kean's negotiated rate.

Contributions may be funded internally or from a third party and consist of cash or in-kind contributions.

In some instances, cost sharing is passed through to a sub-recipient, and it's the responsibility of the department to track cost sharing when approving the sub-recipient's invoices.

Unless otherwise specified, Kean University may provide cost sharing in the following ways:

- i. **University "Cash" Contributions.** The University can make a cash contribution to a sponsored project for cost sharing purposes in two ways:
 - Contributing the computed value of the effort that university-paid personnel are expending on the project without reimbursement from the sponsor.
 - Contributing monies from a university gift, endowment and/or other unrestricted fund to pay for any of the direct costs associated with a sponsored project (e.g., salaries, fringe benefits, travel, equipment etc.)
- ii. **Third Party "In-Kind" Contributions.** This is the computed value of any services and/or resources provided by a third-party in support of a sponsored project being administered by the University. Third-party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, or goods and services directly benefiting and specifically designated for the University's project or program. In-kind contributions from a third party must be documented at the fair market value.
- iii. **Faculty salary.** Faculty "academic year" salary can be provided as cost sharing for each month of "summer" salary charged to the grant. Equivalently, a dollar of "academic year" salary should be provided as cost sharing for each dollar of faculty "summer" salary support charged. Faculty salary cost sharing should also include fringe benefits as well as the F&A that usually would be charged on the salary and fringe benefits.
- iv. **Major capital equipment.** Departments and/or Colleges are expected to contribute half of the amount of total cost sharing on equipment grants. When there are multiple investigators from multiple departments, the departments will split the departmental contribution based on the number of investigators. Departments can request that their contribution(s) be lowered (typically to one third or one quarter of the total cost sharing required) if the equipment is to be part of a shared facility that will be used by many faculty in the college. Cost sharing on equipment is considered "cash."
- v. **Waived F&A.** When F&A is "waived" the University agrees not to charge its federally negotiated F&A rate to the sponsor. The portion waived is considered "unrecovered F&A" and can be used as cost share if this is allowed by the sponsor. Vice President for Research (VPR) approval is required in such cases. The VPR will not waive F&A just to obtain cost sharing. PIs must work through ORSP to obtain approval to waive F&A.

Procedure

A cost share commitment form (Appendix A) must be filed out and signed prior to proposal submission.

The University has two methods of accounting for cost sharing:

1. Recorded in the Effort Reporting System

In this scenario, the department is paying an individual directly from a non-sponsored account, but their effort is related to work on a sponsored project. In compliance with OMB Uniform Guidance 2 CFR 200.430 (h) (8)(4), salaries

and wages of employees used in meeting cost sharing requirements on federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from federal awards. The University prepares an after-the-fact personnel activity report. When the percentage of effort for the sponsored project is greater than the percentage of compensation, cost sharing is recorded directly on the effort form. Any cost sharing related to a salary limitation that restricts the amount of direct salary an employee can be paid by the granting agency is also recorded using this method. An example would be the NIH Salary cap.

2. Charged Directly to a Sponsored Account

Mandated & Committed Cost Sharing: When a sponsored award specifically requires cost sharing, internal award documentation work flowed to Grants Accounting should identify the source of university funds that will be used to satisfy the cost sharing commitment. This paperwork will be completed and signed before the application is submitted to the funding agency. Once an award is received, two accounts will be established, one with a non-sponsored funding source to reflect cost sharing. Only salary charges to meet mandated or voluntary committed cost sharing should be charged to this account. Any voluntary uncommitted salary cost sharing should be charged to a non-sponsored account. Documentation of third-party in-kind contributions is maintained by the department or college and will not be documented in Ellucian.

Cost Overruns: If all expenses charged are allowable and allocable to the project and the project is overspent, they should remain on the grant and a cost overrun will be processed. When a cost overrun is identified, a cost sharing account will be created using a non-sponsored funding source. Grants Accounting will process a cost transfer. This process allows the expenses to remain on the grant while being paid from an internal funding source.

Contact

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