Cost Sharing

Purpose

To establish the conditions in which the university will commit to Cost Sharing; the process for including Cost Sharing in a sponsored project; and the core compliance principles that Cost Sharing must meet.

Reason for Policy

Funding announcements may require the commitment of university funds towards a project to be eligible to apply for the program. Proper handling of these costs is necessary to assure compliance with Federal cost sharing regulations (2 CFR 200.306) and to provide non-federal sponsors with similar assurance that the university is meeting the terms and conditions of their awards.

Auditors and Sponsors routinely monitor cost share commitments as part of the university’s single audit and award monitoring processes. Failure to meet Cost Share commitments and properly document them can result in audit findings, risk to the institution’s reputation with the sponsor, and loss of funding.

Intended Audience

- Principal Investigators
- Directors, department chairs, division heads
- Departmental/divisional business administrators
- Sponsored Programs Administration personnel
Policy

The university will normally commit to cost sharing only:

a. when required by the sponsor;
b. to the extent necessary to meet the specific requirements of the solicitation;
c. if all Cost Sharing commitments are included in the proposal budget;
d. if the department/unit/third party responsible for the committed funds provides documented approval prior to proposal submission;
e. where permitted by university and sponsor policies; and
f. where the proposed Cost Sharing is allocable to and directly benefiting the sponsored project and reasonable and necessary for the performance of the sponsored project.

The university is required to track Mandatory Cost Sharing and Voluntary Committed Cost Sharing and make available documentation to the auditor or sponsor upon request in order to verify the Cost Sharing amounts claimed.

All Cost Sharing should meet the following core principles.

- Cost sharing cannot include contributions from any other sponsored award, including federal awards, unless each sponsor specifically authorizes the Cost Sharing in writing.
- An expense cannot be used as Cost Sharing on more than one sponsored project. For example, a cost on a gift fund designated as a match on one sponsored project cannot also be used as a match on a second sponsored project.
- Costs used to satisfy Cost Sharing commitments are subject to the same agreed upon terms and conditions under the sponsor approved project budget. Costs deemed unallowable under the sponsor’s terms and conditions cannot be used to meet cost sharing commitments.
- For a federally funded sponsored project, Unrecovered Facilities and Administrative (F&A) Costs may be included as part of cost sharing only with the prior approval of the federal awarding agency.
Special cost considerations when determining Cost Share

Salary “effort” above the regulatory cap — For example, the National Institutes of Health (NIH) has a salary cap that limits the salary amount that may be awarded and charged to NIH grants and contracts. The university may pay an individual’s salary amount in excess of the salary cap with departmental or discretionary funds. However, this differential cannot be used for cost sharing.

Using fringe benefits — Fringe benefits commensurate with salary are an actual cost to NIU. Fringe benefit costs associated with requested salary cannot be cost shared unless the department/unit submitting the proposal is willing to cover the cost.

Use of NIU-owned equipment — Cost sharing of equipment in NIU’s current inventory is not allowed. The reason for this is twofold: (1) The sponsor is already paying for a portion of it through the F&A rate calculation; and (2) the equipment was not specifically purchased for use on the project.

University facilities such as laboratory space — The use of NIU facilities is recovered from sponsors through the application of the F&A rate assessed on each project. Therefore, offering university space or facilities as Cost Sharing is not permitted as these costs are F&A, not direct costs.

Using donated supplies, materials, and volunteer services — Third parties may contribute Cost Sharing to an award. Because this is not an expenditure made by NIU, documentation that includes the value of the donated supplies, materials, and/or volunteer services from the Third Party should be provided. The SPA Cost Share MOU may be used to document these commitments. This includes time and effort voluntarily contributed to a project by NIU retirees.

Graduate Research Assistant (GRA) Tuition remission — Tuition remission commensurate with graduate student stipends may be used to meet mandatory Cost Share requirements without AVP or VP approval. However, because tuition remission as a cost is pro-rated based on the student’s actual appointment/effort on the project, the full proposed cost can be difficult to capture as Cost Share during the award. For example, if the proposed budget included tuition for a full-time GRA but the Principal Investigator is only able to hire a part-time GRA for the project, only half of the originally budgeted tuition could count as Cost Share.
Procedure

Pre-Award

Principal Investigators are responsible for securing Cost Share approvals for their projects and must work with SPA to document the commitments and approvals as part of the proposal submission package.

NIU’s proposal routing form contains a question indicating whether Cost Sharing is included in the proposal and whether it is Mandatory Committed Cost Share or Voluntary Committed Cost Share. Commitments will be identified by line item, amount and source. The source is the university unit or third party supporting the Cost Share.

The proposal will be routed to all units pledging Cost Share and each unit will be asked to approve. Unit approval of the proposal package signifies approval of its Cost Share commitment.

Written documentation must be included in the proposal package for Cost Share provided by third parties (SPA Cost Share MOU may be used to facilitate this documentation niu.edu/divresearch/funding/resources).

SPA will evaluate the proposal, budget, and budget narrative for compliance with agency requirements and institutional policies and procedures.

SPA reserves the right to seek confirmation of approval from all contributing units. This includes addressing the use of cost share to enhance the competitive nature of the proposal.

Award Acceptance

Principal Investigators (PI) are responsible for securing approval from contributing units for any changes to proposed Cost Share amounts resulting from budget or scope changes as part of award acceptance.

SPA will not accept an award until revised Cost Share commitments are confirmed in writing by the unit supporting the Cost Share. Depending on the nature of the change, SPA may reroute proposal packages for internal approval. Note that for many federal awards, NIU is considered to have accepted the award once we accept payment (i.e. draw down funds) from the agency.

Final Cost Share commitments will be identified on the NIU Notice of Award (NOA) provided by SPA to the PI and his or her department.
Post-Award

The Principal Investigator is responsible for working with his or her department and any other university units as necessary to ensure plans to meet the cost share are in place. This may include hiring personnel, graduate students, or initiating purchases.

SPA will distribute cost share certification forms periodically to the Principal Investigator for review and signature. The distribution schedule will depend on award reporting terms. The Principal Investigator’s signature confirms that the costs are allowable and directly benefit the project.

SPA will ensure that approved and allowable cost share activity is reported to the sponsor as required under the terms of the award.

Principal Investigators shall notify SPA of any project or budget changes that may affect Cost Share commitments and work with SPA to manage any agency notifications or approvals that may be required.

*SPA reserves the right to reject any cost share commitments that do meet the requirements of this policy.*
**Definitions:**

**Cost Sharing**

The portion of the total project costs not borne by the sponsor.

**Matching**

Cost Sharing in which the sponsor requires the university to match the level of grant funding in a specified proportion, such as a 50% match or a “1 to 1” match.

**Committed Cost Sharing**

A binding and quantifiable commitment by the university in the proposal or executed award document to provide resources in support of the project.

**Mandatory Committed Cost Sharing**

Cost Sharing that the sponsor requires as a condition of obtaining an award.

**Voluntary Committed Cost Sharing**

Cost Sharing that the sponsor does not require as a condition of obtaining an award, but is quantified in the proposal budget or narrative; some sponsors forbid the use of Voluntary Committed Cost Sharing.

**Voluntary Uncommitted Cost Sharing**

Cost Sharing that the university provides where not required or quantified in the proposal or referenced in the award. Examples include faculty-effort or other direct costs provided above and beyond the amount of Cost Sharing as part of the proposed award costs. Voluntary Uncommitted Cost Sharing does not constitute a binding agreement, is not tracked or reported as Cost Sharing, is not certified as project effort or costs, and is not included for audit purposes.

**Third Party (In-kind) Cost Sharing Contribution**

The value of non-cash contributions that third parties provide to the project. Third parties must provide documentation to support the use of the funds as university cost sharing and a certification of the fair market value of the non-cash contribution provided.

**Unrecovered Facilities and Administrative (F&A) Costs**

The difference between the federally negotiated F&A rate applicable to the award and the actual F&A rate approved by the sponsor and used in assessing indirect costs.