



COST SHARING ON SPONSORED PROJECTS

March 31, 2016

SCOPE

This policy sets forth the California Institute of Technology's guidelines on cost sharing on sponsored projects. Cost sharing can be a program requirement, a statutory requirement or pledged by a Principal Investigator (PI). When a proposal that includes cost sharing is awarded by a sponsoring agency, the cost sharing becomes a binding commitment, i.e., a requirement of the award.

DEFINITIONS

As used in this policy:

Cost Sharing

Cost sharing means the portion of project costs described in the budget that is not paid by the sponsor¹. Depending on the circumstances, cost sharing may be considered committed (mandatory or voluntary) or uncommitted. Cost sharing has other names, such as Matching, and In-Kind. While particular sponsors may use one or more of these terms to designate cost sharing, for purposes of this policy, they are all considered cost sharing. See Uniform Guidance, §200.29.

Mandatory Cost Sharing

Cost sharing that is required by the sponsor as an eligibility criterion for acceptance of the proposal. Mandatory cost sharing results either from statutory requirements or from agency policy requirements. The requirement for such cost sharing must be identified in the sponsor's solicitation for proposals and must be made explicit, i.e., as a specific dollar amount, as a percentage of the Federal funds being requested, or as a percentage of the total project costs.

Third Party Cost Sharing

Third party cost sharing involves commitments and/or contributions provided for a specific Caltech sponsored award by an organization that is external to Caltech. Third party cost sharing may be in the form of cash or in-kind contributions, e.g., salaries, benefits, materials, equipment. Cost sharing commitments or contributions of salaries and benefits made for Caltech researchers who are employed by the Howard Hughes Medical Institute (HHMI) or the Jet Propulsion

¹ Prior to the implementation of the Uniform Guidance (2 CFR 200) on December 19, 2014, the Federal definition of Cost Sharing was more broad and did not limit cost sharing to dollars quantified in the project budget. There are still many Federally-funded projects at Caltech that fall under the "old" Federal regulations.

Laboratory (JPL) are treated as third party cost sharing because these contributions do not flow through Caltech's payroll and financial systems and therefore must be documented separately by the third party.

Voluntary Committed Cost Sharing

Cost sharing that is not required by the sponsor, but is offered by the PI as a demonstration of commitment to a project. Voluntary cost sharing that has been included in a proposal budget or budget justification is considered by the government to be a formal binding requirement once the award has been made, even if it is not specifically addressed in the award document. As such, it must be tracked, documented, and reported, if required, to the sponsor. See Uniform Guidance, §200.99.

When a proposal with quantifiable PI effort in the budget or budget justification is awarded, Federal regulations consider such effort to be a binding commitment and an obligation of the Institute. If there are no corresponding salary charges to the resulting award, the committed effort is deemed to be committed cost sharing, which must be tracked and certified.

Voluntary Uncommitted Cost Sharing

Voluntary uncommitted cost sharing is faculty or other investigator effort that is over and above that which is committed and budgeted for in a sponsored agreement. Uncommitted cost sharing does not have to be tracked, documented, or reported. See Office of Management and Budget (OMB) Memorandum M-01-06, January 5, 2001, for more information on voluntary uncommitted cost sharing.

POLICY

It is the policy of Caltech that cost sharing is proposed, approved, administered, and accounted for in a consistent and reasonable manner. Committed cost sharing on a sponsored project is a binding obligation that must be satisfied in accordance with the sponsor's requirements. Caltech's policies and procedures with regard to cost sharing are intended to comply with the requirements of OMB Circular A-21, OMB Circular A-110, the Uniform Guidance, and OMB Clarification Memorandum M-01-06 dated January 5, 2001.

Proposals for sponsored projects should contain formal cost sharing commitments only when cost sharing is required (mandatory) by the sponsor and stated by the sponsor in the funding opportunity announcement as an eligibility criterion for the project for which funding is sought.

For Federal awards, any shared costs or matching funds, including third party and in-kind contributions, must meet the following criteria:

- Costs are verifiable from Caltech's records and are provided for in the approved budget when required by the agency.
- Federal funds are not used to meet cost sharing requirements 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.

- Costs can be claimed as cost sharing only once.
- Costs claimed as cost sharing must be necessary and reasonable for accomplishment of project or program objectives, allowable, and reasonable for the award on which they are being claimed.

Methods of Cost Sharing

Cash

The cash method of cost sharing generally involves commitment of unrestricted Caltech funds made available in support of a project. Sources include, but are not limited to, Divisional funds, Provost's funds, Gift funds, Professor's Discretionary Funds, and funds from Endowed Chairs. Non-Federal sponsored awards can also be used as cost sharing or matching, but may require prior approval of the non-Federal sponsor.

A common source of cost sharing in Caltech proposals is the effort of faculty that is devoted to a sponsored project, but not charged to the sponsored project. When effort is cost shared, the associated fringe benefit and indirect costs should be included in the calculation of the cost share amount.

Third Party In-Kind Contributions

Third party contributions may include supplies/materials, equipment, volunteer services and other items, as long as the items meet the sponsor's criteria for cost sharing. The value of the cost sharing includes the direct cost of the item(s) plus indirect costs that would be applicable if the item were charged directly to a grant or cooperative agreement. See Uniform Guidance, §200.96 and §200.306.

Requirements

Proposal Stage

At the proposal stage, where there is a formal cost sharing commitment (mandatory or voluntary), the source(s) and amount of the cost sharing should be identified in the proposal budget and budget justification. The Divisional Approval Form (DAF) should reflect the approval of the Caltech official(s) responsible for the source of funds that will be used for cost sharing, e.g., the Provost, the Division Chair, the PI.

Award Acceptance and Initiation Stage

Awards with cost sharing requirements will be identified in the Oracle Grants Management (OGM) system in the "Commitments" tab. The Award Summary issued by Office of Sponsored Research will also indicate the cost sharing requirement, cost sharing funding source and linked cost sharing PTA.

OSR will require the division to set up a cost sharing companion PTA in cases of Caltech cash contributions. In cases of third party contributions, it will be necessary to obtain the Committed Cost Sharing Report Worksheet from Divisions and certificates of commitments from the collaborators. The OGM Commitment screen will summarize the details of cost sharing on the award, including:

- Specific requirement (expressed as either a dollar amount or percentage of project costs).
- Source of the cost sharing funds.
- Method of confirming the cost sharing requirement.

Post Award Stage

For awards that include cost sharing, all Federal and some private sponsors require Caltech to track cost shared expenses in the financial system and, in certain instances, submit formal reports of the cost sharing to the sponsor. When reporting to sponsors is required, the terms of the award indicate the frequency of reports (generally annually and/or at end of the project). Post Award Administration will work with Grant Managers and PIs to make sure that the necessary cost sharing documentation has been maintained and provided. For third party cost sharing, the Division is required to provide the supporting documentation for the cost sharing to Post Award Administration prior to the report due dates. When required by sponsors, formal cost sharing reports are certified and submitted by Post Award Administration.

ROLES AND RESPONSIBILITIES

Principal Investigator:

- Ensure compliance with the Cost Sharing Policy.
- Identify cost sharing commitments in proposal budgets and the source of the cost sharing.
- Obtain approval for cost sharing commitments from the Division Chair, Provost or other Caltech officials as appropriate.
- Obtain documentation of third-party contributions.
- Assure that committed cost sharing effort is provided and documented.

Division Chair

- Division Chairs are responsible for reviewing proposals submitted by faculty in their division. Division Chairs are required to approve all instances of voluntary cost sharing and to approve the non-Federal fund source that will be used to reimburse Caltech for the unrecovered indirect costs associated with voluntary cost sharing on the part of the PI.
- Division Chairs are responsible for approving divisional funds that will be used to meet cost sharing requirements.

Provost

- The Provost is responsible for approving Institute fund sources that will be used to meet cost sharing requirements and for approving any exceptions to this policy.

Division Administration

- Commit Divisional funding, as appropriate, to meet cost sharing requirements.
- Monitor awards to assure that cost sharing requirements are met and recorded.

Office of Sponsored Research:

- Advise PIs and Division personnel of the cost sharing requirements associated with particular grant or cooperative agreement programs.
- Review proposals prior to submission to assure that formal cost sharing commitments are fully documented and that all necessary approvals have been obtained.
- As part of the award initiation process, inform PIs, Divisional personnel and central administrative departments of the details of the cost sharing requirements associated with particular awards.
- As necessary, negotiate revisions to cost sharing requirements with sponsoring agencies.
- Activate the Cost Sharing companion award and update OGM Commitment tab to record commitment amount, type and cost sharing funding source.

Post Award Administration:

- Monitor awards, in conjunction with the Grant Manager, to assure that cost sharing requirements are being met.
- Report and certify cost sharing to sponsoring agencies as required.
- Inform PI or cognizant official when cost sharing requirements are not being met.

Office of Cost Studies:

- Assure that committed cost shared expenditures are included in Caltech's organized research base for the F&A rate calculation.

RELATED REFERENCES

Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR, Part 200 §200.29, §200.96, §200.99, and §200.306

Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, commonly referred to as OMB Circular A-110 or 2 CFR, Part 215

Office of Management and Budget’s Cost Principles for Educational Institutions, commonly referred to as OMB Circular A-21 or 2 CFR, Part 220

OMB Memorandum M-01-06. January 5, 2001. “Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission.”

Caltech’s Policy on Commitment of Effort in Federally Sponsored Projects

POLICY ISSUED BY

This policy is issued by Office of Financial Services and the Office of Research Administration.

EFFECTIVE DATES AND UPDATES

| Action Take | Effective Date | Description of Action |
|-----------------|--|--|
| Original Policy | 10/01/2003 | Approved by Office of the Provost, Office of Financial Services, and Office of Research Administration |
| Revised Policy | 12/15/2011 | Approved by Office of the Provost, Office of Financial Services, and Office of Research Administration |
| Revised Policy | 12/26/2014 Issued 10/12/2015 | Revised for consistency with Uniform Guidance and to put the document into new policy format. Reviewed and revised by Post Award Administration. Reviewed by the Office of Sponsored Research, Office of Research Administration, and the Office of Financial Services. Approved by the Provost’s Office. |
| Revised Policy | 3/31/2016 | Definition of “Third Party Cost Sharing” added. |