Cost Sharing Policy

Issued December 18, 1998

I. Policy Statement

Cost-sharing must be proposed, approved, administered, and accounted for in a consistent and prudent manner. This includes understanding workload implications of the cost-sharing commitment; determining when cost-sharing is appropriate; and accurately recording and reporting cost-sharing expenses. Cost sharing that is not mandatory (required by the sponsoring agency) is discouraged. Cost-sharing commitments must be approved by the Office of Research Administration prior to proposal submission.

II. Purpose

The University sometimes must provide resources in a "cost-sharing" arrangement to support a sponsored project. Contribution of such resources must be carefully considered and approved by the party with budgeting authority (usually the dept. chair). Once committed, it is important to document the fulfillment of the University's responsibilities for cost-sharing, and to maintain compliance with government regulations, primarily Office of Management and Budget (OMB) circulars A-21 and A-110. This policy is intended to help with:

- determining when cost-sharing is appropriate on "competitive proposals," and what costs and services qualify for cost-sharing under federal regulations;
- understanding the administrative, contractual, and financial requirements that result from cost-sharing commitments;
- accurate reporting to Sponsored Programs Accounting, which will in turn report to sponsoring agencies, that the University has fulfilled any cost-sharing commitments it may have made as a condition of an award.
- proper recording of cost-sharing in the University's accounting system in order to comply with OMB circulars A-21 and A-110, and to ensure consistent collection of cost-sharing information necessary for University purposes.

III. Effective Date

This policy is effective on July 1, 1999. The policy applies to all costs incurred (or sponsored agreement budget periods beginning) on or after that date.

IV. Definitions

Cost Sharing
A portion of total project or program costs related to a sponsored agreement that is contributed to a sponsored project or program by someone other than the primary sponsor.

Direct Cost
A cost that directly benefits and is specifically identifiable to a sponsored project or program.

Effort
Time spent by a Principal Investigator or employee on a sponsored project or program.

Facilities & Administrative Cost (Previously called Indirect Cost)
A cost that does not directly benefit, and is not specifically identifiable to a sponsored project or program,
but is incurred in support of the project or program. F&A includes such items as utilities and other plant costs, and certain administrative costs.

**Matching Contribution**
A contribution to a sponsored project or program, pledged to match some portion of funds provided by the primary sponsoring agency. Matching contributions may be in any form, including University costs and third party in-kind.

**Third Party In-Kind Contribution**
A non-cash contribution to a sponsored project or program, provided by a party other than either Brandeis University or the primary sponsoring agency. Third party in-kind contributions may be in the form of services directly benefiting and specifically identifiable to the project or program, equipment or other property, supplies, etc.

**V. Applicability**
This cost-sharing policy applies to federal and non-federal sponsored agreements.

**VI. What is Cost Sharing**
Cost-sharing may be required by the sponsor or voluntarily offered by the Principal Investigator, and may or may not be included in the sponsored award document. If the sponsor does not pay any salary and wage expenses on the project, it is reasonable to assume that there is some Principal Investigator effort or effort of other employees that is cost-shared. However it originates, cost-sharing represents a University commitment to provide resources to a sponsored project.

**Caution:** It is the responsibility of the Principal Investigator and the department to evaluate the workload implications of proposed cost-sharing and to ensure that the University's cost-sharing commitment is met.

**VII. Multi-Department Projects**
Though awarded to a single unit or department, some sponsored agreements involve multiple University units or departments. In these cases, special attention must be paid to policy compliance by all concerned entities. Thus, it is the responsibility of the department that has received the award (the "prime department" or "submitting unit") to monitor and advise all affected units or departments regarding compliance with the cost-sharing terms of the sponsored agreements.

**VIII. Allowable Costs for Cost-Sharing**
To be allowed for cost-shared expenses, costs must be all of the following:

- allowable and allocable under federal cost principles (OMB circulars A-21) and the terms of the sponsored agreement.
- certifiable in the time and effort distribution and certification process (for cost-shared effort).
- necessary and directly related to the project objectives (except reduced or waived indirect costs).

For federal awards, the costs must not be any of the following:

- included as cost-sharing for any other federally sponsored project or program.
- paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost-sharing.
IX. Specific Expenses that may be considered for Cost-Sharing

Cost sharing may consist of direct or unrecovered indirect expenses (i.e., waived or reduced indirect cost rate).

When direct expenses are cost-shared, the applicable indirect cost rates are also cost-shared.

Generally, cost-sharing should be in the form of salary and associated fringe benefits. Non-payroll cost-sharing is discouraged unless mandated by the sponsoring agency or the nature of the sponsored agreement.

Waived or reduced indirect costs (i.e., the difference between the applicable federally negotiated indirect cost rate and the amount of indirect costs awarded by the sponsor) is also discouraged. Cost overruns are a form of cost-sharing.

X. Establishing Cost-Shared Effort

In order to fulfill the University's responsibility to sponsors, sponsored projects include some Principal investigator or other personnel effort that is directly charged to or explicitly cost-shared with the agency. This effort must be quantified in the proposal. The amount of effort must be realistic (i.e., neither overstated nor understated), and must be determined on a project-by-project basis.

Caution: The total of one's effort, including other University duties, must not exceed 100%.

XI. Realistic Cost-Sharing Commitment

In determining the appropriate level of cost-shared effort, investigators should consider the following:

- the sponsor's requirement for cost-sharing.
- the percentage of time spent on other sponsored projects.
- the amount of effort devoted to other functions such as teaching.
- whether the project involves co-Principal Investigators.
- the size of the project.

Prior to award acceptance, the Office of Research Administration (ORA) will contact the department or the Principal Investigator with any concerns it has regarding the University's proposed cost-sharing commitment. At the time of the award, ORA will notify Sponsored Programs Accounting and the department of the cost-sharing requirements (including revised cost-sharing commitment, applicable).

Caution: For some agencies (e.g., NSF), once the award is accepted, failure to comply with the cost-sharing commitment may result in a loss or return of project funds. Tracking of cost-sharing should be done periodically by departments (e.g., when monthly transaction statements are reconciled) to prevent an over or under-contribution. Over-contributing prevents use of those costs for meeting commitments on other projects; under-contributing may result in a corresponding reduction in the award.

XII. Accounting for Cost-Sharing

All cost-shared expenditures of a sponsored project must be properly recorded and reported in the University accounting system. Cost-shared expenditures must be identified with the same functional classification as the sponsored award.

To facilitate the accumulation and reporting of cost-sharing expenditures by specific awards, departmental administrators should track cost-sharing expenditures by award. Cost-sharing expenditures in the form of
salary will be extracted from the time & effort certifications. Non-payroll cost-sharing will be charged to a specified cost-sharing account for each project which will be given upon request by ORA. This account number should be requested upon the award of a project with cost-sharing commitments.

XIII. Documentation

Throughout a project's life, the Principal Investigator and the department must maintain sufficient supporting documentation to substantiate the actual cost-sharing contribution to the project. This documentation may be required by sponsors, auditors, and/or Sponsored Programs Accounting (SPA).

The specific type of documentation required is based on the nature of the award, the type of cost that is cost-shared, the terms of the sponsored agreement, and other circumstances of the award. For further information, contact Sponsored Programs Accounting.

XIV. Effort Reporting and Certification

The University effort distribution and certification process requires that all effort directly associated with a sponsored project be classified consistently, even if salaries are not charged to the sponsor. When there is a significant change from the individual's planned effort, including the cost-shared amount, a change to the employee's payroll effort distribution should be processed. Effort, including the cost-shared amount, must be confirmed after the fact as part of the certification process.

XV. Contacts

If you have any questions about this policy, how to treat a specific cost, or need information, please contact the Associate Controller for Sponsored Programs at x6-4423, the Assistant Controller of Cost Accounting at x6-4535, or the Internal Auditor at x6-4516.

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