

Cost Sharing - Frequently Asked Questions

Resident Instruction

1. What is Cost Sharing?

Cost sharing or matching represents the portion of sponsored project costs borne by the Institute, and not the funding agency. Cost sharing is auditable, allowable under applicable federal cost principles (*e.g.*, meets the same criteria as a direct cost to the project), and verifiable in Institute accounting records.

2. How do I know if my grant requires cost sharing?

Check the sponsor program announcement for any cost sharing requirements. In accordance with Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 CFR 200), Federal agencies must include the policies relating to cost share in the notice of funding opportunity. In addition, fixed price award types cannot be used in programs which require mandatory cost sharing or matching.

Once a project is awarded, the OSP Contract Information System will list the amount of required cost share, if applicable, on the Project Header tab.

3. Why is Cost Sharing at Georgia Tech discouraged when not required by the sponsor?

Unless stated otherwise in the solicitation, voluntary committed cost sharing (match, in-kind, institutional commitment, etc.) under Federal research proposals is not expected and cannot be used as a factor during the merit review of applications or proposals. It may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

A proposal that voluntarily offers cost sharing represents a binding commitment if the proposal is awarded, which must be documented and is subject to audit.

4. What is the difference between “mandatory (formal)” and “voluntary (informal)” cost sharing?

Mandatory cost sharing is required by the sponsor as a condition of the award, which must be indicated in the program announcement.

Voluntary cost sharing is not required by the sponsor but is offered in the proposal by the investigator; commonly in the form of contributed effort. Cost sharing that is included in the proposal voluntarily by the investigator becomes mandatory (also known as 'voluntary committed' cost sharing) once the award is made.

All mandatory/committed cost sharing must be accounted for and tracked in the Institute's official accounting records.

5. What is “in-kind” cost sharing?

In-kind contributions represent the value of non-cash contributions provided by the Institute or other third parties. Examples are tuition remission, waived overhead, and sponsored research contributions from industry/third party sponsors.

6. How can I request cost share?

- Identify whether or not department resources are available
- Complete the required form found at <http://www.osp.gatech.edu/forms-library/>
- After obtaining approval at the department, school, and college level, forward to the Executive Vice President for Research (EVPR) office for consideration, if applicable

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Departments should seek funding for cost sharing commitments from the School/Center and Dean's Office prior to the EVPR's Office.

7. What are the guiding principles of the EVPR office during review and consideration of cost share requests?

The EVPR office will evaluate cost share requests based on the following criteria:

- School and/or College's willingness to commit resources
- Strategic interest of the proposed research to the Institute
- Reasonableness of the request given total budget and F&A cost recovery
- Availability of funds
- Whether the request is greater than 6-10% of F&A cost recovery (Requests in excess of this threshold are generally not supported unless a compelling description of the benefit "beyond sponsored award" is provided)
- For established PIs, a track record of generating a high volume of sponsored awards
- For new PIs, the strategic area of emphasis
- Availability of Foundation, endowment, or other appropriate funds that the Principal Investigator (PI) can use to meet cost share

8. What is the difference between cost sharing and internal or institutional support?

Cost sharing or matching represents the portion of sponsored project costs borne by the Institute, and not the funding agency. Cost sharing is required by the sponsor, auditable, must be allowable under applicable federal cost principles (*e.g.*, meets the same criteria as a direct cost to the project), and verifiable in Institute accounting records.

Internal or institutional support/funding may be provided, upon request and approval, to support research initiatives although this type of support is not required by the sponsor nor is it tracked as part of the sponsored research award as cost sharing. Additional information regarding the process and systems used to request internal support is forthcoming.

9. Why does cost sharing require institutional approval before the proposal is submitted?

Prior to submission of a proposal, the signature of an institutional official is required on the cost sharing form to ensure non-federal funds have been secured to meet cost sharing commitments. If the funding source for cost sharing is documented as "To Be Determined" during the proposal phase, the unit originating the proposal will be financially obligated until an allowable source is committed.

Departments should seek funding for cost sharing commitments from the School/Center and Dean's Office prior to the EVPR's Office.

10. Can unrecovered Facilities & Administrative (F&A) costs be used as cost sharing?

Unrecovered indirect costs should be included as part of cost sharing or matching on the proposal, and is allowable as cost sharing approved by the sponsor. A reduced F&A waiver request must be completed and approved prior to proposal submission.

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11. Are there monetary limits to the amount of cost sharing that will be available?

The commitment of funds for cost sharing is subject to the availability of funds for that purpose. Generally speaking, reduced F&A may be approved when the proposal solicitation or other published information identifies that the sponsor rate (U.S. Sponsors only) is less than the Institute's current negotiated rates and the sponsor treats the F&A requirement consistently for all awardees. Foreign sponsors with reduced F&A requirements are not typically approved.

12. What steps are necessary to document tuition remission as cost share?

When tuition remission is listed on the cost share summary sheet and approved by the Sponsor in the proposal budget, refer to the Grants & Contracts Accounting home page at <http://grants.gatech.edu> to complete the Tuition Waiver Cost Share Worksheet and Certification letter, including required signatures.

Send the completed forms to the assigned Grants & Contracts Accountant with back-up documentation. An example of appropriate back-up documentation includes the "SPD Project Cost Detail Past Pay Period Applied" report for the project in which tuition was waived.

13. Why does the Institute need to track cost sharing?

Cost Accounting Standards require that costs proposed on a sponsored projects application be accumulated and reported completely and accurately. In addition, Federal regulations require full accountability for costs committed in the fulfillment of sponsored projects.

14. What steps must the department take to track mandatory cost sharing?

The required cost sharing amount is documented under the project header, budget, billing, and funds tabs in the OSP Contract Information System. The Contractual docs tab includes a scanned copy of the completed cost sharing form, if applicable. If subagreements include cost sharing, this information is available by selecting the subagreements tab in the OSP Contract Information System and selecting the name of the institution to review additional details and cost sharing requirements.

In the event cost sharing is identified as a requirement during the pre-award phase / initiation of the award, a companion cost share project will automatically be set up in the Grants Management (GM) system, which can be viewed and monitored using the Project Expense and Budget (PEB) report and is linked to the sponsored fund.

If cost share requirements are identified and communicated after the project is initiated or if the cost share will be partially met by another department within the Institute, departments can send a request for a companion cost share project to be established to gc.ask@business.gatech.edu or submit a request through the budget revision panel [enter the main project number for which the cost share is related into the "Main" field and "New" in the subproject field]. On the next screen, select the department for which the cost share project should be established and enter "Cost Share Project Number Requested" as the name of the project.

Allowable and allocable expenses that meet the same criteria as a direct cost to the project should be allocated directly to the companion cost share project throughout the life of the award. In accordance with applicable institutional policies, cost transfer requests related to cost share and cost share certifications must be managed in a timely manner.

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15. How should third-party commitments be documented?

Proposal stage – Third party commitment letters signed by an authorized representative of the organization on letterhead should be secured and submitted to OSP by the PI, along with the signed cost sharing form. Documentation must be provided in the form of a letter. At a minimum, the following information should be included in the letter: title of the authorized representative, type of contribution (e.g. personnel effort, supplies, etc.), monetary value, and reference to the project, PI and/or proposal to which the cost share is related.

Award management & close-out stage – Using the same criteria noted above, the PI should obtain a written certification letter that summarizes and confirms the cost sharing proposed has been met by the third party. This information should be submitted to the assigned Grants & Contracts representative (available in PEB) who will document the cost share commitment in the assigned cost share project or a cost share project set up specifically for in-kind.

16. Are there additional requirements if cost sharing is passed down in a subagreement?

Yes. When submitting a subcontract request to OSP, please work with the Contracting Officer to ensure all cost share requirements of the Institute are passed through to the subcontracting Institution in the terms and conditions of the subagreement.

Subcontract invoices are routed through OSP to the PI and department to verify the expectations have been met, including any required cost share commitments. In the event cost share is required and is not reported on the subcontractor invoice, it is recommended that departments withhold approval for payment. The department should follow-up with the collaborator to obtain the information or contact OSP, who can assist in this regard.

Georgia Tech's cost share report to the sponsor must include all obligations, including those that the Institute passed down to the subcontract Institution or other third party.

17. What expenditures are allowable as cost sharing?

Cost share commitments are auditable and must meet the same criteria as a direct charge to an award. Any expenses that cannot meet the criteria below are not eligible to be recorded or reported as cost share.

- Necessary and reasonable for proper and efficient accomplishment of project objectives
- Allowable, allocable, reasonable, and consistently treated under applicable federal costs principles
- Are verifiable from the official Institute accounting records
- Are incurred during the project period of the grant or during the pre-award phase, when authorized by the sponsor
- Documented in the approved sponsor budget
- Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching
- May only be cost shared on one project
- Conform to other provisions of 2 CFR 200

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18. Can other federal grant funds be used as a source of cost sharing on a sponsored project?

No, federal dollars cannot be used as cost share including federal funds that “pass-through” another sponsor to Georgia Tech. An exception may be made where authorized by federal statute to be used for cost sharing or matching, which requires institutional review and approval.

19. What happens if I cannot meet my cost sharing commitment as originally expected/proposed?

Cost share expenses should generally be incurred at the same rate as the sponsor’s portion of award expenses. If cost sharing requirements have not been met, and the sponsor is unwilling to renegotiate the amount, it is likely that the funds provided by the sponsor will be reduced by the amount the shortfall represents. Not meeting the cost-sharing requirement puts the project at risk of being deemed non-compliant by the sponsor and may require the Institute to have to return the funding.

20. What happens if I want to request a modification to the cost sharing commitment from my sponsor?

Cost share expenses should generally be incurred at the same rate as the sponsor’s portion of award expenses. If the project includes a requirement for cost sharing, it is important for the department to monitor the project closely to ensure that the institute meets those requirements. If there is a concern that the institute will be unable to meet the committed amount or proposed funding is reduced for a year, it is essential that the sponsor is contacted as soon as possible to request approval for a budget modification or an amendment to the award. The assigned OSP contact should be involved in this communication.

21. What steps are taken if PI effort will be managed as cost sharing to comply with the Institute’s “Minimum Effort” policy?

Sponsors expect a commitment of some effort on the part of the PI to conduct work, supervise personnel, prepare deliverables, etc. during each project year. In order to comply with the Minimum Effort policy, a formal companion cost share project must be established if the PI chooses to cost share this effort instead of charging it to the sponsored project. Cost sharing of this nature will not be reflected on the invoices or financial reports submitted to the sponsor.

Companion cost share projects are established in the official Institute records and are reflected on the employee’s electronic Workload Assignment Form (eWAF), which is e-mailed to employees each month from the Salary Planning & Distribution (SPD) team in the Office Grants and Contracts Accounting.

If minimum effort will be cost shared and no other cost share is required, contact the OSP Contracting Officer (CO) to have the amount entered into the OSP Contract Information System as a cost share requirement. A cost share project number should then be requested by the CO via email to gc.ask@business.gatech.edu.

22. What are the roles and responsibilities of the department and research administration?

PI and Department:

- Determine the cost sharing requirements of the project
- Evaluate the workload implications of proposed cost sharing
- Ensure that total effort for an individual does not exceed 100%
- Identify the cost share funding source
- Upon award, enter budgets via the Institute budgeting process
- Request companion cost share projects, if applicable

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- Identify, quantify, and document required cost sharing
- Provide third party documentation to Grants & Contracts Accounting on a timely basis to ensure commitments are recorded in the Institute's official accounting system
- Collaborate with OSP and Grants & Contracts Accounting to submit cost sharing reports that comply with sponsor reporting requirements, if applicable
- Ensure that cost sharing commitments are met and properly budgeted and recorded (including third party commitments)
- Ensure subcontractors properly reflect cost share accomplishments on invoices

Office of Sponsored Programs:

- Assist with preparation of pre-award documents (contact assigned Contracting Officer)
- Assist in the collection of third party commitment letters, if needed
- Incorporate appropriate cost sharing conditions in subcontract agreements, if applicable
- Provide initial review of subcontractor invoices prior to routing to departments for approval and verification that each subcontractor has billed cost share accomplishments in accordance with contract requirements

Grants & Contracts Accounting:

- Review cost share expenditures to ensure compliance with terms and conditions of the sponsored award
- Review in-kind certifications and back-up documentation before posting cost share to the system
- Prepare and submit cost share reports, per sponsor reporting requirements
- Verify cost sharing requirements have been met at close out

23. Where can I access additional information about cost share?

For additional information on this topic, please reference 2 CFR 200 and institutional policies and procedures located on the Grants & Contracts Accounting and Office of Sponsor Programs websites. Links are provided below.

- OMB "Uniform Administrative Requirements, Cost Principles, and Audit Requirements" (2 CFR 200)
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- Research Administration Policy 2.1.6 "Minimum Effort" (includes training video)
<http://policy.research.gatech.edu/216-minimum-effort>
- Research Administration Policy 2.5 Pre-award Project Management "Cost Sharing"
<http://policy.research.gatech.edu/25-cost-sharing>
- G&C Policy 3.9 "Cost Share Expenses"
<http://policies.gatech.edu/cost-share-expenses>
- G&C Policy 3.10 "GTRC Project Numbers"
<http://policies.gatech.edu/georgia-tech-research-corporation-project-numbers>
- G&C Policy 3.11 "Project Close-Out in Grants Management System"
<http://policies.gatech.edu/project-close-out-grants-management-system>
- Research Administration Policy 4.3 Post-award Financial Administration "Cost Sharing"

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<http://policy.research.gatech.edu/43-cost-sharing>

- G&C Notice 08-II “Cost Share Certification Requirements”
http://grants.gatech.edu/main/wp-content/uploads/2011/12/Cost_Share092007.pdf
- OMB Circular A-110 (*Awards/increments funded prior to December 26, 2014*) – “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations”
http://www.whitehouse.gov/omb/circulars_a110

Training courses that include discussion regarding cost sharing are available through the Office of Sponsored Programs. Please check online for scheduled classes.

<http://training.osp.gatech.edu/>

- Budgeting, Budget Justification & Templates
- Grants & Contracts Accounting
- Effort Reporting & Cost Sharing
- Grants Mgmt. for Campus Admin