



Administration and Finance

Policy No: 3704

Policy Name:
Cost Sharing

Effective Date:
7/1/2006

Policy:

The University of Maryland Baltimore agrees to cost sharing in a proposal only when it is a **requirement** of the request for proposal or the program announcement. This is applicable not only to new proposals, but to non-competing continuations.

Revision Date:
February 6, 2007

Definitions and Terms:

Cash Contributions represent UMB's cash outlay, including actual funds from internal and external sources. Funds from Federal sources may not be used as part of UMB's cash contributions unless these funds are authorized by Federal statute to be used for cost sharing.

In-Kind Contributions represent the value of all UMB non-cash contributions, including services and property, provided by UMB and/or non-Federal third parties.

Mandatory Cost Sharing is that portion of the University contribution to a sponsored project that is required by the sponsor.

Recipient's Records are the University's written documents used for verifying cost sharing in the event of a sponsor audit or the University System of Maryland's (USM) single audit of Federal funds.

Voluntary Committed Cost Sharing is cost sharing that is offered in an application or proposal or other communication to the sponsor.

Voluntary Uncommitted Cost Sharing is voluntary cost sharing contributed during the course of a project, but not offered as part of an application or proposal or other communication to the sponsor.

Approved by:
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Approval Date:
February 6, 2007

Refer Questions to:
Director, Office of Sponsored
Programs

Manager, Cost Analysis &
Studies

Manager, Restricted Funds
Accounting

USM Board of Regent's
Policy Reference:
N/A

Purpose:

To provide direction on how to account for and report cost sharing on all grants and contracts.

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Background:

UMB's Policy on Cost Sharing is based on the following issues:

1. In general, cost sharing represents that portion of the project or program costs not borne by the sponsor. Cost sharing can be voluntary committed, voluntary uncommitted or mandatory, and can take the form of either cash contributions or in-kind contributions.
2. If UMB resources are committed to a project unnecessarily, then they are not available for other uses or for those situations when cost-sharing is required.
3. Voluntary committed and mandatory cost sharing can have the effect of eroding UMB's Facilities and Administrative cost rate.
4. Certain faculty members who cost share their effort and who have many awards could become over committed, resulting in an inability to substantiate the total promised levels of effort.

Procedures:

All cost sharing or matching contributions, both cash and in-kind, must adhere to the following criteria as required by OMB Circular A-110, Subpart C, Section 23 (see attached)

Pre-award Processes

The Office of Research and Development (ORD) Grant and Contract official reviews the program guidelines to verify that cost sharing is required, and if so, at what level. If a proposal is submitted and contains cost sharing that is not a requirement of the award, the ORD official will inform the Principal Investigator (P.I.) and Department Administrator of the UMB policy and work with them to remove any unnecessary cost sharing unless written approval by the Department Chair and Dean is provided.

In addition, the budget, budget narrative, and workscope must all be carefully reviewed to determine if any cost sharing is offered. The Department Administrator is required to work with the Principal Investigator to document, and obtain approval for, any costs offered in the proposal as cost sharing, whether or not it was required by the sponsoring agency.

1. All cost sharing must be disclosed on the routing form and a detailed breakdown of the source of funds must be clearly indicated on the cost share form.
2. All cost sharing must be specified in the budget and budget narrative sections of the proposal.
3. All cost sharing must have the approval of the Department Chair and/or the Dean of the school prior to submission of the proposal.
4. All cost sharing obligations must be met from non-Federal Sources except where authorized by Federal statute to be used for cost sharing.

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5. The Facilities and Administrative (F&A) costs associated with the in-kind resources are considered an allowable in-kind cost share if approved by the sponsor and should be specifically identified in the proposal budget. The rate used in the requested budget can be applied to the in-kind budget.
6. If the F&A rate has been negotiated by UMB and is lower than that of the rate allowed for that program, the difference between the lower rate and the allowed rate (F&A costs foregone) can be shown as a cost share.
7. The Department Administrator will verify with the P.I. that any equipment match indicated will be purchased within the term dates of the project.
8. The Department Administrator will work with the P.I. on the appropriate wording to describe "other resources" available to the project as part of the proposal to ensure that the "other resources" are not misconstrued as a cost share commitment.

Post-award Processes

The award document, proposal budget, budget narrative and work scope must all be carefully reviewed to determine if any cost sharing was offered or is required as a condition of award. The Department Administrator is required to work with the Principal Investigator to document any costs offered in the proposal as cost sharing whether or not it was required by the sponsoring agency.

All post award changes that affect existing cost share commitments or create new cost share commitments under the award must be approved by the Department Chair and Dean. After approval by the Department Chair and Dean, the change may be implemented or, if sponsor approval is required, the request for sponsor approval may be submitted to ORD for review and signature. Examples include but are not limited to change in effort committed to the project and change in the portion of committed effort paid by award funds. All cost sharing, with the exception of voluntary uncommitted cost sharing of faculty effort, must be recorded in companion cost share chartstrings in the University's Financial System. Consistent with the OMB Clarification Memorandum M-01-06 dated January 5, 2001, voluntary uncommitted cost sharing of faculty effort may be left undocumented or may be documented on the faculty member's effort form.

Cost-Sharing Valuation Methods:

1. **University In-Kind Contributions:** Values for in-kind contributions must be in accordance with applicable cost principals (generally OMB Circular A-21). The University is only allowed to offer goods and services as cost sharing when it is able to verify the value from the recipient's records. This can only be accomplished by virtue of UMB paying an individual or buying something, and then offering a portion of those purchased goods or services to the project. OMB Circular A-21 describes the manner in which the University must document the value of its activity by way of personnel activity (effort) reports.

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2. Third Party In-Kind Contributions Third-party in-kind contributions are valued as the cost to the University had it paid for the item or service at the time of donation. OMB Circular A-110 Subpart C, Section 23 provides definitions and guidelines for the computation of cost sharing.

Responsibilities:

Because all cost sharing commitments are subject to audit, the University requires appropriate documentation of cost sharing.

A. Principal Investigators are responsible for:

- (1). Securing all necessary cost sharing commitments from their academic units or external sponsors in accordance with specific agency program requirements.
- (2). Maintaining records to explain and certify fulfillment of cost sharing commitments.
- (3). Completing and adequately verifying, with appropriate documentation, any cost sharing certification forms and submitting them in a timely manner to the Manager in Restricted Funds Accounting.

B. School based Department Administrators are responsible for:

- (1). During post-award phase of grant, reviewing award documents, program specific guidelines and agency requirements to determine any cost share requirements.
- (2). Recording cost share in companion cost share chartstrings in the University Financial and Grants Management System.
- (3). Providing a chartstring to fund the department's companion cost share chartstrings.
- (4). Ensuring funds are available to fund the cost share, either in the department's companion cost share funding chartstring or by moving the cost share funding to a chartstring with funds available.

C. Department Chairs are responsible for:

- (1). Approving, verifying and ensuring that the Department, and/or outside third parties, can and will meet their share of all cost sharing commitments (cash and in-kind).
- (2). Determining that the percentage of faculty or staff time committed as an in-kind cost sharing contribution is reasonable; and that the total effort including in-kind or cost shared effort, expended on sponsored projects and University-related duties by each individual does not exceed 100 percent.
- (3). Signing the proposal routing form to approve proposed cost sharing. The signature of the Department Chair on the cost share contribution forms serves as evidence of adequate review and concurrence of the cost share claimed.

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- D. School Deans are responsible for:
 - (1). Approving, verifying and ensuring that academic unit cost sharing commitments (cash and in-kind) can and will be met without interfering with other approved instructional and research activities.
 - (2). Signing the proposal routing form to approve the school proposed cost share. The signature of the school Dean on the cost share form serves as evidence of adequate review and concurrence of the cost share claimed.

- E. Office of Research and Development, Grants and Contracts Division is responsible for:
 - (1). During the pre-proposal phase, reviewing program specific guidelines and agency requirements to determine the necessity of cost sharing.
 - (2). Verifying the approval of all cost sharing commitments (cash and in-kind) prior to proposal submission.
 - (3). Informing all applicants at the pre-submission phase on their cost share responsibilities should their proposal be funded.
 - (4). The signature of ORD official on the proposal routing form shall serve as evidence of adequate review and concurrence of the cost share claimed.

- F. Administration and Finance is responsible for:
 - (1). Establishing companion cost share chartstrings for the collection of cost shared costs.
 - (2). Performing journal entries to fund companion cost share chartstrings.
 - (3). Approving the cost sharing plan included in grant and/or contract award budgets. The signature of the Restricted Funds administrators on the account set-up forms shall serve as evidence of adequate review and concurrence of the cost share claimed.

Restrictions and Exclusions:
N/A

Related/Impacted Policies:
Effort Reporting
NIH Salary Cap