

University of Colorado at Boulder Policy and Procedure
Accounting & Business Support (ABS)
Office of the Vice Chancellor for Research

Cost Sharing

Effective: January 1, 2010

Replaces: *Recording Cost Sharing to Sponsored Projects* dated November 1, 2000

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1 Introduction

Office of Management and Budget (OMB) Circular A-110 states that, “Cost sharing or matching means that portion of project or program costs not borne by the Federal Government.” The University of Colorado at Boulder (“UCB”, “University”) uses this as the standard definition for all its cost share obligations unless otherwise defined by a non-federal sponsor.

Cost sharing is a commitment by UCB or a third party to provide a portion of the direct expenses necessary to fulfill the objectives of a sponsored project award. Cost sharing that has been committed to the sponsor shall be documented for individual projects and for inclusion in the organized research direct cost base used to develop the campus Facilities and Administration (F&A) rate.

The value of the cost sharing is a binding obligation to the University and subject to audit. Failure to fulfill cost sharing commitments may result in audit findings and/or reduction of the award.

2 Policy Statement

UCB commits to cost sharing only when it is required by sponsor policies or award terms, and/or is in the best interests of the University. All cost sharing commitments become binding obligations when identified in a proposal and approved in advance by the UCB unit(s) responsible for furnishing the cost sharing resources.

Cost sharing commitments for budgets that are awarded for less than originally proposed are not automatically reduced, unless explicitly stated in the award documentation. In such cases, the Office of Contracts and Grants (OCG) works with the PI and contacts the sponsor to determine if a reduction in the cost sharing obligation is authorized.

Principal Investigators (PI) are responsible for ensuring that cost sharing commitments are fulfilled and documented. Deficits resulting from reduced funding or unpaid invoices due to a failure to satisfy cost sharing commitments are the responsibility of the PI’s department.

When committed, cost sharing shall fulfill the following:

1. Comply with federal cost principles, federal regulations, and applicable University policies and procedures;
2. Be clearly identified in the Finance System when UCB funds are committed;
3. Be used exclusively to support the project as proposed and awarded;
4. Be incurred during the project period; and
5. Be fully documented by the PI and verified by the Sponsored Projects Accounting (SPA) Cost Share Accountant.

3 Definitions, References and Resources

3.1 Definitions

Cost Sharing and *Matching* are terms that are often used interchangeably and identify the financial support contributed by UCB or third parties to sponsored projects.

Committed Cost Sharing is pledged in the proposal budget, budget justification, or budget narrative if a specific dollar value is noted in the award document or if an explicit dollar value can be assigned to the cost share commitment. There are two types of Committed Cost Sharing:

- a) *Mandatory Cost Sharing* is required as a condition of the award. It may be specified as either a minimum fixed percentage of the total project cost or a set dollar level that has been negotiated with the sponsor and approved by the contributing UCB units.
- b) *Voluntary Cost Sharing* is offered by the recipient when not specifically required by the award.

Voluntary Uncommitted Cost Sharing is incidental support that is over and above what was proposed and agreed upon for the project.

3.2 References and Resources

[OMB Circular A-110](#) *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, particularly [Subpart C.23](#), *Cost sharing or matching*

[OMB Circular A-21](#) *Cost Principles for Educational Institutions*

[Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs](#) OMB Memorandum

[Electronic Personnel Effort Reporting System \(ePERS\)](#) ABS Policy and Procedure

[Gift In Kind Transactions](#) CU Administrative Policy Statement

[Gift In Kind](#) CU Finance Procedural Statement

[Gift In Kind Acceptance](#) OUC Form

[Addendum Sheet for Cost Sharing/ Cost Matching UCB Funds](#) OCG form

[Certification of In-Kind Cost Sharing Contributions](#) OCG form

4 Procedures

4.1 Cost Sharing Requirements

Committed cost sharing, from all sources, shall meet **all** of the following criteria as expressed in OMB Circular A-110:

1. Are verifiable in the University's Finance System and substantiated by departmental records;
2. Are not used as cost sharing for any other sponsored project;
3. Are necessary and reasonable for proper and efficient accomplishment of project objectives;
4. Comply with applicable federal cost principles as expressed in A-21 including reasonable, consistent, allocable, allowable, and incurred during the award period;
5. Are not paid by the federal government under another award, except when authorized in writing;
6. Are provided for in the approved budget when required by the awarding agency.

4.2 Cost Sharing Approval

Proposals that commit cost sharing must include a completed *Addendum Sheet for Cost Sharing/Cost Matching UCB Funds* ("Addendum Form") with the proposal application. Committed cost sharing is an official part of the budget and should be detailed in the budget justification.

The PI is required to complete the Addendum Form as directed, including additional pages as required based on the type of cost sharing proposed (i.e. Equipment Matching, Graduate Student Support, In-Kind, and Non-UCB cash sources). All *Addenda* require signature approval of the PI and the Chair or Director. **Voluntary cost sharing is discouraged and requires authorized signatures from each unit that makes a cost sharing commitment.**

Committed cost sharing by non-university entities supporting a UCB proposal requires a "commitment letter" endorsed by a person authorized to approve these commitments. The letter must be submitted with the proposal and include the following information:

1. The kind of cost sharing to be provided, e.g. services, monies, supplies, equipment;
2. The actual dollar value or fair market value of the contribution;
3. The time period over which the contributions will be made. All cost sharing must be expended or provided within the project's performance period.

4.3 Cost Sharing Sources

Committed cost sharing may be supplied from any number of sources, including the following:

1. *Cash* contributions are actual cash resources provided by UCB funds or external sources to pay for direct costs of a sponsored project.
2. *Cost Sharing Effort* is work committed to the project but paid with UCB funds. This includes salary and fringe benefits.

3. *In-Kind* contributions represent non-cash support such as volunteer services, donated use of University¹ or non-university equipment or facilities, or services of employees from non-university organizations. The value of in-kind contributions is what it would have cost had UCB directly paid for the item or service. Special rules apply to the valuation and documentation of in-kind contributions as specified in A-110, the Addendum Form, and University policies governing gift in-kind transactions.
4. *Unrecovered Facilities & Administrative (F&A) Costs* are a reduction of indirect costs to which UCB would otherwise have been entitled. This requires pre-approval by the sponsor, the Vice Chancellor for Research (VCR), the Dean, and Chair or Director.
5. *A Sponsored Award* whose specific purpose is to match another award funding a single project or program. This is allowable as cost share if pre-approved by all sponsors. Note that federal funds cannot be used as cost sharing on other federally funded projects, except where authorized.
6. *Subcontractors* may be required to contribute to the award's cost sharing requirements based on the terms of the prime award and/or subcontractor agreement.

4.4 Documentation

Committed cost sharing made at the proposal stage becomes a binding obligation at award and must be verifiable in the University's Finance System and substantiated by departmental records.

4.4.1 Cash

Each project that includes UCB-committed cash or cash equivalent contributions shall have its own cost sharing program speedtype established in the Finance System. This will be requested by SPA and created by ABS when the project is set up. The speedtype description shall read "Costsharing for Proj#154XXXX." and all cost sharing expenditures must be recorded in speedtypes created for this purpose.

The department is responsible for ensuring that any funds obligated to meet committed cost share are transferred into the speedtype and that cost sharing funds are spent concurrently with grant expenditures and/or per the terms of the award. Costs used to satisfy matching or cost sharing requirements are subject to the same policies governing allowability as other costs under the approved budget. Indirect costs may not be used to meet this obligation unless specifically allowable in the award.

4.4.2 Effort

University-paid salary expense committed as cost sharing is documented by the university's electronic Personnel Effort Reporting System (ePERS). Once a project is established, SPA records the committed percentage of effort in the Finance System. The ePER includes this percentage and its certification provides the required documentation.

4.4.3 In-Kind

Non-cash contributions shall comply with the valuation guidelines of OMB A-110 Subpart C.23 and the Addendum Form. The PI is responsible for obtaining documentation from the donor after the cost sharing commitment is completed but no

¹ University facilities and/or services are eligible for cost sharing when they are chargeable, such as those types of services provided by Internal Service Centers (ISCs).

later than the conclusion of the project. One of the following is required to support these contributions:

- A signed, dated letter from the donor describing the donation, its purpose, its value, and, verifying the information is true and correct;
- A statement and signature on the commitment letter certifying that the commitment has been fulfilled; or
- A completed *Certification of In-Kind Cost Sharing Contributions* form.

4.4.4 Facilities and Administrative (F&A) Costs

The Finance System only tracks F&A in sponsored project speedtypes; therefore, SPA calculates the appropriate F&A on cost share expenditures posted to the project's cost sharing program speedtype. Likewise, SPA calculates any pre-approved waived F&A. These calculated F&A costs count toward the cost sharing obligation.

4.4.5 Another Sponsored Award

Cost sharing contributions from another sponsored award shall be uniquely identified in the Finance System and will be treated as any other Fund 30/31 award. It will have its own 154XXXX project number and its description shall read "Costsharing for Proj#154XXXX."

4.4.6 Subcontractor

Subcontractor cost share commitments shall be documented, reported, and certified as true and accurate. The PI is responsible for ensuring that these commitments are fulfilled and providing documentation to the SPA Cost Share Accountant for his/her award.

4.4.7 Uncommitted

Uncommitted cost sharing does not require sponsor reporting and is not tracked by SPA.

5 Compliance and Reporting

The PI is responsible for immediately informing OCG or SPA, as appropriate, of any changes in the cost sharing commitments or the unit's ability to meet and/or document those commitments. It is also the responsibility of the PI and/or unit to provide to the SPA Cost Share Accountant any documentation about cost sharing that is not available in the Finance System. The Cost Share Accountant uses this documentation and finance system records to monitor the progress of all cost sharing commitments in order to verify compliance, to provide cost sharing reports to sponsors when required, and to sign off as responsible party to verify completion.

6 Exceptions

Exceptions to this policy must be approved by both Sponsored Projects Accounting and the Office of Contracts and Grants.