

Cost Sharing/Matching Policy and Procedure

BACKGROUND

In general, costs to support a sponsored program are paid by the sponsoring agency or organization. Cost sharing occurs when the university or a third party pays for a cost that specifically benefits a sponsored project. Cost sharing usually takes the form of a direct cost that would otherwise be charged or utilized to support the grant or contract. In certain circumstances, and with sponsor's approval, cost sharing may also take the form of Facilities & Administrative (F&A) costs (where the reimbursement of F&A costs is waived or reduced). The terms "matching" or "matching funds" are essentially synonymous with "cost sharing."

UNLV may provide resources in a cost sharing arrangement to support a sponsored project. However, the contribution of such resources must be carefully considered and approved. Once committed, it is important to document the fulfillment of UNLV's responsibilities for cost sharing, and to maintain compliance with government and other regulations.

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.

PURPOSE

The purpose of this policy is to establish the procedure for proposing, approving, administering, and documenting cost sharing on sponsored projects.

POLICY

In accordance with Federal Regulation 2 CFR Chapter I, and Chapter II, Part 200, et al., when sponsors require institutional cost sharing on their grants and contracts as a matter of statute, regulation, or policy, or when individual solicitations include a cost-sharing requirement, UNLV follows its long-standing practice of meeting published cost-sharing requirements. Furthermore, it is also UNLV's policy not to cost share/match on a voluntary basis. According to federal regulations cost share is not expected and cannot be used as a factor during proposal merit reviews unless it is explicitly required in the notice of funding opportunity. If the college, department, and Principal Investigator (PI) are in agreement that voluntary cost share is still critical, and they agree to fulfill all financial commitments internally, they may seek an exception to this policy from the Office of Sponsored Programs (OSP).

Whether cost sharing is required by the sponsor or is offered voluntarily, once an award is made, all cost share commitments become mandatory and represent binding obligations.

In all cases, the proposed cost share must be documented in the proposal. UNLV reserves the right to proportionately reduce the cost sharing commitment if awarded funds are less than proposed.

DEFINITIONS

Cost Sharing	A portion of total project or program costs related to a sponsored agreement that is contributed by an entity other than the sponsor. Cost sharing is further classified as either mandatory or voluntary (see below).
Direct Cost	A cost that directly benefits and is specifically associated with a sponsored project or program.
Effort	Compensated time spent, expressed as a percentage, attributable to a sponsored project or program.
Facilities and Administrative Cost	<p>A cost incurred in support of the project or program that cannot be specifically associated with, or directly allocated to, a sponsored project or program.</p> <p>Facilities and Administrative costs include such items as utilities and other plant costs and certain general expenses that are to some degree attributable to the project or program.</p>
Mandatory Cost Sharing	<p>A contribution to a sponsored project or program required by the sponsor as a condition of obtaining the award. Such contributions are binding commitments and must be accounted for in accordance with this policy. Mandatory cost sharing may be reportable to the sponsor.</p> <p>Note: "Sponsor-encouraged" cost sharing not required as a condition of receiving an award does not constitute mandatory cost sharing.</p>
Third-Party, In-kind Contribution	<p>A non-cash contribution to a sponsored project or program provided by a party other than either UNLV or the primary sponsoring agency.</p> <p>Third-party, in-kind contributions may be in the form of real property, equipment, supplies, and other expendable property or goods and services directly benefiting and specifically designated for the project or program.</p>
Voluntary Committed Cost Sharing	Quantified contributions reflected in the proposal narrative, budget, and/or budget justification. These are binding commitments and must be accounted for in any resulting award in accordance with this policy.
Voluntary Cost Sharing	A contribution to a sponsored project or program offered by the PI but not required by the sponsor as a condition of obtaining the award. Voluntary cost sharing is classified as either committed or uncommitted.

COST RECOVERY IMPLICATIONS OF COST SHARING

Cost sharing results in UNLV forfeiting not only the recovery of the direct costs but also the recovery of the associated F&A costs. In addition, in accordance with federal requirements, the total amount of cost sharing must be included in the research base during F&A rate calculation, which decreases the federally negotiated F&A rate. Consequently, cost sharing has far-reaching, negative implications on the university's ability to grow its research enterprise.

COMPLIANCE IMPLICATIONS OF COST SHARING

It is important to recognize the compliance implications of cost sharing, whether the cost sharing fulfills a sponsor mandate or is offered voluntarily. When quantifiable cost sharing is represented in a proposal, upon award that cost sharing becomes a commitment that must be met and tracked for sponsor verification.

Allowable Costs for Cost Sharing

For expenses to be eligible for cost sharing, costs must be **all** of the following:

- Allowable and allocable under federal cost principles (OMB circulars A-21 and A-110) and the terms of the sponsored agreement;
- Necessary and directly related to the project objectives;
- Represent costs incurred during the project period of performance;
- Be verifiable from UNLV's records; and
- For labor costs, certifiable in the effort planning and certification process.

The costs **must not** be **any** of the following (unless explicitly approved by the sponsor):

- Included as cost sharing for any other sponsored project;
 - Payable by the same sponsoring agency under another award;
 - Payable by a different sponsoring agency within the same governmental jurisdiction under another award (e.g., federal funds must not be used for cost sharing on another federal project);
 - Otherwise unfunded salary for the effort that is outside of the contractual appointment (e.g., unfunded summer months for faculty with nine-month academic appointments).
- **Caution:** Use of waived F&A costs for meeting cost-sharing commitments must be specifically identified in the proposal narrative, budget, and/or budget justification and accepted (or not specifically disapproved) by the sponsor.

When cost sharing is sponsor mandated or is deemed to be in UNLV's best interest to include when not required, in-kind contributions should always be considered first. An in-kind contribution represents an item of cost for which support is already in place (and, therefore, no new cash outlay is required), such as salary or tuition. Creative packaging of in-kind contributions may suffice to meet sponsor requirements.

Cash cost sharing contributions should be considered only if in-kind mechanisms do not suffice to meet sponsor requirements. A cash contribution represents a new, incremental purchase, such as for equipment, travel, or additional staff necessary to conduct the sponsored project.

PROCEDURES FOR OBTAINING APPROVAL AND IDENTIFYING SOURCES OF COST SHARE

If cost sharing is proposed, the dean and chair must provide documentation to the Office of Sponsored Programs (i.e., a fully completed and signed Internal Routing Form for Sponsored Projects <http://www.unlv.edu/assets/research/forms/Research-InternalRoutingForm.pdf>) indicating the explicit approval to contribute the department-funded salary or other cost items. In addition, the cost sharing becomes an official part of the budget and should be documented on the proposal budget and justification pages. To avoid confusion, commitments of effort or other forms of cost sharing should not be included in the text of the proposal. Furthermore, OSP recommends committing a specific dollar amount as opposed to percentages.

PIs must notify OSP of their intentions to respond to a solicitation that requires cost sharing and to submit their proposals for review in a timely manner. Documentation that evidences both mandatory and voluntary cost sharing pledged by the college, department, and/or administration must be submitted to OSP prior to proposal review.

Approved requests for cost sharing contributions from the Vice President for Research and Graduate Studies should be fully documented in a memo or email. Documentation of the cost sharing commitment must be provided to OSP prior to proposal submission.

DOCUMENTATION

All mandatory and voluntary committed cost sharing expenditures of a sponsored project must be properly recorded and reported. Once the award is accepted, failure to comply with the cost sharing commitment may result in a loss or return of project funds. Over-contributing prevents use of these funds for meeting commitments on other projects; under-contributing may result in a corresponding reduction in the award. If it is anticipated that there will be a significant under-contribution, the PI must immediately notify the Office of Sponsored Programs. OSP will work with the PI and/or department administrators to document and monitor UNLV cost share to assure all commitments are met.

In-kind contributions from third parties must be properly documented via memo or letter from the third party contributing the support. Volunteer services should also be documented by the same methods. Additionally, the basis for determining the valuation of personal service, material, equipment, buildings, and land must be reasonable and properly documented.

Documentation is also required for cost sharing from subcontractors. All institutions receiving subcontracts from UNLV must provide information on their cost sharing contributions. As a prime award institution, UNLV is not required to obtain documentation to substantiate all the cost sharing stated by the subcontractor, but must at least have a signed document from the subcontractor stating the amount of the cost sharing provided. In most cases, the subcontractor will be required to report cost sharing on their invoices. The subcontractor is responsible for maintaining the documentation of such costs should auditors require it.

REVISIONS TO MANDATORY AND COMMITTED COST SHARE

It is important that the PI and department administrator monitor the cost share commitment on an ongoing basis to assure that institutional obligations are met. In addition, when faculty time is pledged as cost sharing, the pledge should be reviewed by the PI and the department (both mandatory and committed) to assure that the contribution to the project is still within the 100% effort distribution that must be certified during the effort certification process.

If any changes to the cost sharing agreement are required, a revised cost sharing plan should be submitted to OSP for review. OSP will review the proposed changes and coordinate sponsor approval, if required. Changes requiring review include, but are not limited to:

- Changes to the amount of cost share contributed
- Changes to the source of the cost share
- Changes to the period in which the cost share will be committed