

Section:	II.3.53	
Title:	Cost Sharing Operating Policy	
Effective Date:	August 1, 2021	
Approved By:	Provost and Treasurer	
Responsible Unit:	Office of Grants and Sponsored Research – (609) 771-3255 Finance & Business Services – Post-Award Grants, Office of the Treasurer – (609) 771-2186	
Related Documents:	<ul style="list-style-type: none"> • Direct Charging Operating Policy • Allowable Costs Operating Policy • Effort Verification Operating Policy 	
History:		
<u>Version</u>	<u>Date</u>	<u>Notes</u>
2.0	August 1, 2021	Revised
1.0	May 13, 2015	New policy; initial release

I. INTRODUCTION

This operating policy provides guidance on designating cost share to a sponsored project.

II. DEFINITIONS

Cost Share: A mandatory or voluntary contribution of cash or services provided by TCNJ or a third-party to the overall costs of a sponsored project.

Reference the Appendix for additional cost share definitions.

III. POLICY OVERVIEW

It is the policy of The College of New Jersey (TCNJ or the College) to commit and record cost share in a manner consistent with Office of Management & Budget’s (OMB’s) Code of Federal Regulations *Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), State of New Jersey regulations, sponsor policies, and award terms and conditions. This Operating Policy ensures that TCNJ’s practices for the sharing of costs for sponsored projects maintain compliance with applicable regulations.

Reason for Policy

To assure that mandatory cost sharing, voluntary committed cost sharing and in-kind/matching expenses are identified, tracked, and reported on sponsored awards in a consistent manner and in compliance with the Office of Management & Budget (OMB) Uniform Guidance, sponsor policies, and award terms and conditions. Failure to adhere to the provisions of this Operating Policy may result in the College's sponsors, or other sponsor agencies, disallowing costs, or imposing other sanctions.

TCNJ provides only the minimum amount of cost sharing necessary to meet sponsors' requirements. If cost sharing is required by the awarding agency, the amount and type of contributed support required should be clearly defined in the funding opportunity notice. The College does not permit voluntary committed cost sharing except under special circumstances, as it involves increased expenditure of scarce resources, compliance liability, and administrative burden. Voluntary committed cost sharing is not expected and will not be used by sponsors when evaluating proposal technical merit unless it is in accordance with the sponsored awarding agency regulations (Uniform Guidance §200.306 Cost sharing or matching). Any level of cost sharing is formally incorporated into a proposal only after consideration and approval by the appropriate TCNJ leadership.

When a notice of grant award is received for which cost sharing was included in the proposal, the cost sharing becomes a binding commitment that must be provided and is tracked throughout the lifetime of the award. Mandatory cost sharing, voluntary committed cost sharing, and in-kind/matching must be identified, administered, and accounted for consistently throughout the College.

Cost sharing or matching funds must be expended within the project period of the sponsored agreement which they support and meet the same sponsor standards for allowability, allocability, reasonableness, and consistent treatment. Expenditures may be cost shared to only a single project.

Cost sharing expenditures must be included in the appropriate direct cost base of TCNJ's facilities and administrative (F&A) rate proposal.

Appropriateness of Cost Share Expenses:

As with any expense charged to a sponsored project, cost share expenses must be allowable, reasonable, allocable, and consistently treated. For a given cost to be charged as cost sharing, the following criteria must be met:

- Allocable as a cost of the project, i.e., incurred solely to benefit the sponsored project,
- Necessary and reasonable for the accomplishment of project or program objectives,
- Verifiable from TCNJ records or third-party documentation,
- Incurred during the project's Period of Performance, and

- Allowable under cost principles in the Uniform Guidance, as applicable, and the terms of the award document, if benefitting a sponsored project.

All cost shared expenses must be treated in a consistent and uniform manner in proposal preparation and during award implementation in the financial accounting and reporting of these expenses to sponsors.

Unallowable Cost Share

The following types of Cost Sharing are generally not allowed:

- Federal Funds: Federal appropriations or contracts and grants funded by Federal agencies, either directly or as flow-through funding, are not allowable as Cost Sharing for other sponsored projects.
- Indirect Expenditures: Costs that are included as part of the facilities and administrative cost rate calculation, such as space used for research, equipment depreciation, utilities, department administration, etc., cannot be cited as Cost Sharing expenditures.
- Double Counting: Cost Sharing can only be committed and reported as Cost Sharing for a single sponsored project. If Cost Sharing relates to two or more projects, the total amount of Cost Sharing shall be pro-rated among the projects so that, in total, it is only reported once.
- Costs Incurred Outside the Project Period: To be included as cost share, costs must be incurred and accounted for during the project period.
- Unallocable Costs: Costs that are not specifically related to and benefit the performance of the project cannot be used as Cost Share. Therefore, if another University sponsored project or gift is identified as a Cost Sharing contribution, the technical/programmatic relationship between the two (or more) projects must be established to demonstrate allocability.
- Unallowable Costs: These costs include alcohol, entertainment, advertising, memberships, etc. Further, any other type of expenses prohibited by the award terms and conditions cannot be used as Cost Share.

Procedure

I. PROCESS

Approval for Proposed Cost Share:

For proposals with mandatory cost sharing, the Principal Investigator and/or project administrative support staff must identify the type of cost share, agency requirements, and funding source of cost share. Prior to proposal submission, the Cost Share Approval Form must be completed and the source of funds to cover all cost share commitments must be identified and entered into the College's proposal system of record as part of the budget development process. The Office of Grants and Sponsored Research shall consult with Finance and Business Services – Post-Award Grants to determine appropriateness of the proposed cost share source. If such cost share is determined to be appropriate, the associated dean's review and approval of the proposal shall signify the verification of the committed cost share funds. If funds are committed from a different institutional source (not under the dean's authority, such as an enterprise budget under the purview of another dean/school), the overseeing institutional authority must also review and approve the proposal.

TCNJ does not permit voluntary cost sharing except in special cases. In cases of proposals that include voluntary cost share commitments, OGSR shall consult with Finance and Business Services – Post-Award Grants in determining the appropriateness of the source of funds for cost share commitment. If such cost share is determined to be appropriate, the TCNJ Provost shall consider the potential significance of the proposed scholarly activity to the overall mission of the institution and the academic or interdisciplinary unit when recommending and/or approving voluntary institutional cost share.

Note: The Uniform Guidance establishes that voluntary cost sharing is not to be used as a factor in the merit review of proposal applications for sponsored ~~agreements~~

Cost Share Tracking:

If a proposal that included cost share is formally awarded to TCNJ, this commitment becomes legally binding and creates an institutional requirement to track all committed cost sharing. During award set-up, a companion project, a separate cost share project and budget, will be established to track all cost share expenses associated with the sponsored award. At set up, the cost share companion project shall reflect the full commitment amount for the applicable project period, and funds supporting this budget shall be transferred from the funding source identified at the proposal stage. Additionally, Finance and Business Services – Post-Award Grants can choose to not set up a companion project based on their judgement and will review for these exceptions under extenuating circumstances.

Cost share expenditures must be charged to the specific cost share companion

project ID associated with the sponsored award. Labor cost share will be documented via the effort verification process.

In-kind contributions (e.g., equipment, supplies, and personnel) from third parties, as well as waived indirect cost amounts, must be documented via email to OGSR, at the time budget proposal development, track the commitment of such contributions. The email must contain documentation to support the value of the in-kind contribution as specified in Uniform Guidance §200.306 Cost sharing or matching. Records of in-kind contributions must be documented describing the goods or services and approximate value, if applicable.

If a third party provides a cash contribution for sponsored project to be used as cost share, a letter or other documentation from the third party stating it agrees to have its contribution or sponsored project used as cost share for a particular project is only needed if required by sponsor.

Cost Share Reporting:

As required by the sponsor, Finance and Business Services – Post-Award Grants will prepare all financial reports, including cost share. Cost share reported to the sponsor shall be based on charges posted to the sponsored award's cost share companion project.

II. PROCEDURE OVERVIEW

- Principal Investigator (or other support personnel) identifies requirement for mandatory cost sharing.
- Principal Investigator (or other support personnel) completes institutional Cost Share Approval Form listing amount and source of cost share and routes form to OGSR for approval.
- Dean or other institutional official committing funds to cover cost share commitments approves the proposal commitment.
- Office of Grants and Sponsored Research reviews form for accuracy and obtains approval from Provost for all voluntary cost sharing before submitting proposal for funding.
- If proposal is funded by sponsor, OGSR establishes a non-billable, companion project and budget during award set-up to track cost share expenses accurately, and Finance and Business Services – Post-Award Grants transfers funds from the identified funding source to the cost share companion project.
- Principal Investigator (or other support personnel) conducts grant work and charges cost share expenses to appropriate cost share companion project and verifies cost shared salary during regular time and effort analysis process.
- Finance and Business Services – Post-Award Grants, with the assistance of the Principal Investigator and project administrative support staff, is responsible for any cost share reporting required by the sponsor.

III. ROLES AND RESPONSIBILITIES

Principal Investigator - Responsible for:

- Completing the Cost Share Approval form, identifying cost sharing commitments, securing the appropriate institutional approvals for proposed cost sharing commitments, and making sure the cost sharing commitments are fulfilled during the course of the project.
- Ensuring all charges for cost share are properly accounted for in the established companion project.

- Considering the administrative requirements and responsibilities inherent in the proposed cost sharing commitment and weigh the cost effectiveness and the expected benefits of the cost sharing.
- Providing email certification of in-kind matching support on a sponsored project.
- Certifying effort to account for paid and cost shared labor costs.

Project Administrative Support Staff - Responsible for:

- Assisting Principal Investigator with identifying cost share commitments.
- Assisting Principal Investigator completing the approval forms to secure the institutional approvals required to include cost sharing in proposals.

Dean/Department Chair/Leadership Committing Cost Share Funds - Responsible for:

- Reviewing Cost Share Approval Form and approving funding for all institutional cost share commitments.

Provost/Dean/Department Chair - Responsible for:

- Reviewing Cost Share Approval Form and approving all voluntary cost share commitments.
- Considering the significance of the cost share support to the overall mission of the institution and department when approving mandatory institutional cost share.

Office of Grants and Sponsored Research - Responsible for:

- Reviewing Cost Share Approval Form to ensure source of cost share commitments.
- Setting up cost share companion project budget at the time of award set-up.
- Consulting with Finance & Business Services (FBS) – Post-Award Grants, on appropriateness and allowability of cost sharing commitments prior to proposal submission.

Finance & Business Services (FBS) – Post-Award Grants, Office of the Treasurer - Responsible for:

- Establishing the cost share companion project to track all cost shared expenses in the institutional financial system.
- Transferring budget from the pre-approved source(s) of funds to the companion project.
- Reporting cost sharing based upon expenditures reflected in cost share companion budget and supporting documentation provided by the PI and other department administration.

Appendix

Cost Share Definitions:

The various cost sharing methods and types at TCNJ are defined in the table below:

Cost Sharing Methods	
Method	Description
Institutionally Funded Cost Share	<ul style="list-style-type: none"> • Direct costs paid for by TCNJ for the benefit of a sponsored project, which may include: <ul style="list-style-type: none"> ○ Compensation (e.g., salaries, wages, fringe benefits) ○ Materials & Supplies ○ Purchased Services ○ Equipment ○ Subcontracts • Waived or reduced indirect costs that would otherwise be recoverable.
Third Party /In-Kind Contribution	<ul style="list-style-type: none"> • The share of sponsored project costs that is borne by an external organization (i.e., an entity other than TCNJ). • Such contributions can be in-kind for which no funds are received by TCNJ (e.g., volunteer time to the project, donated supplies/materials and/or equipment), or they may be in the form of cash contributions or other sponsored projects, if allowable by the sponsor and/or prior approval is obtained.
Cost Sharing Types	
Type	Description
Mandatory Cost Sharing	<ul style="list-style-type: none"> • Required by the sponsor as a condition of obtaining an award. • Must be included in the contract or grant proposal to receive consideration from the sponsor.
Voluntary Committed Cost Sharing	<p>A cost associated with a sponsored project, which was identified in the proposal, but was not required or funded by the sponsor. Some common examples include:</p> <ul style="list-style-type: none"> • Effort proposed in excess of the amount of compensation requested from the sponsor. • The purchase of equipment for the project, identified in the proposal, for which funds have not been requested.

<p>Voluntary Uncommitted Cost Sharing</p>	<p>A cost associated with a sponsored project and not funded by the sponsor, which was not committed in the proposal or in any other communication to the sponsor. This includes effort of faculty or senior researchers that is over and above that which is committed and budgeted for in a sponsored agreement. In these circumstances, it is not necessary to track or account for these costs.</p>
<p>Matching: Cash and/or In-Kind</p>	<p>The requirement by some sponsors that grant funds be matched in some proportion with funds from another party (e.g., from the College, another sponsor, a collaborating entity on the project). Matching requirements may be in the form of actual cash expenditure of funds or may be an “in-kind” match, which is the value of non-cash contributions to the project.</p>