Policy Statement

Cost sharing must be proposed, approved, administered, and accounted for in a consistent and prudent manner. This includes understanding workload and cost implications of the cost-sharing commitment; determining when cost sharing is necessary and appropriate; and accurately recording and reporting cost-sharing expenses.

Reason for Policy

The university may provide resources in a “cost-sharing” arrangement to support a sponsored project. Contribution of such resources must be carefully considered and approved by the party with budgeting authority. Once committed, it is important to document the fulfillment of the university’s responsibilities for cost sharing, and to maintain compliance with government and other regulations.

Entities Affected by This Policy

- All units of the university, excluding the Weill Cornell Medical College

Who Should Read This Policy

- Principal investigators
- Deans, directors, and unit heads
- Administrative managers and financial staff
- Office of Sponsored Programs staff responsible for reviewing and/or approving sponsored proposal submissions
- Division of Financial Affairs staff

Web Address for This Policy

- This policy: http://www.dfa.cornell.edu/treasurer/policyoffice/policies/volumes/academic/costsharing.cfm
- University Policy Office: www.policy.cornell.edu
POLICY 1.1
Cost Sharing for Sponsored Agreements

CONTENTS

Policy Statement .................................................. 1
Reason for Policy .................................................. 1
Entities Affected by this Policy .................................. 1
Who Should Read this Policy .................................... 1
Web Address for this Policy .................................... 1
Related Resources .................................................. 3
Contacts .................................................................. 4
Definitions ............................................................. 5
Responsibilities ...................................................... 7
Principles ................................................................ 8
  Introduction ......................................................... 8
  What Is Cost Sharing? ......................................... 8
  Is Cost Sharing Necessary? ................................. 8
  Multi-Unit/ Interdisciplinary Projects ..................... 9
Procedures – Pre-Award ............................................ 10
  Allowable Costs for Cost Sharing .......................... 10
  Specific Expenses That May Be Considered for Cost Sharing 10
  Establishing Cost-Sharing Effort .......................... 11
  Cost-Sharing Commitment .................................. 11
Procedures – Post-Award .......................................... 13
  Accounting for Cost Sharing ............................... 13
  Documentation ................................................... 13
  Effort Reporting and Certification ....................... 13
Index ..................................................................... 15
POLICY 1.1
Cost Sharing for Sponsored Agreements

RELATED RESOURCES

University Policies and Documents
University Policy 3.11, Effort Planning and Confirmation
University Policy 3.20, Charging Direct and Facilities and Administrative (Indirect) Costs
University Policy 4.7, Retention of University Records
Office of Sponsored Programs' "Guide to Budgeting and Costing of Sponsored Projects"

External Documentation
2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs
Specific agency guidelines

University Forms and Systems
Internal Academic Approval of Sponsored Programs form (Form 10)
Salary Expense Transfer (ST) e-doc (Kuali Financial System)
Workday
POLICY 1.1
Cost Sharing for Sponsored Agreements

CONTACTS

Direct any general questions about this policy to your college or unit administrative office. If you have questions about specific issues, contact the following offices.

<table>
<thead>
<tr>
<th>Contacts, Ithaca Campus Units</th>
<th>Contact</th>
<th>Telephone</th>
<th>E-mail/Web Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Sharing Accounting</td>
<td>Sponsored Financial Services</td>
<td>(607) 255-5085</td>
<td><a href="mailto:sfs-help@cornell.edu">sfs-help@cornell.edu</a></td>
</tr>
<tr>
<td>Financial Reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effort Planning and Certification</td>
<td>Cost and Capital Assets</td>
<td>(607) 255-9368</td>
<td><a href="mailto:uco-cost@cornell.edu">uco-cost@cornell.edu</a></td>
</tr>
<tr>
<td>Policy Clarification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposal Development</td>
<td>Office of Sponsored Programs</td>
<td>(607) 255-5014</td>
<td><a href="mailto:osp-help@cornell.edu">osp-help@cornell.edu</a></td>
</tr>
<tr>
<td>Sponsored Agreements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific Awards</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### POLICY 1.1

Cost Sharing for Sponsored Agreements

## DEFINITIONS

These definitions apply to terms as they are used in this policy.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Sharing</td>
<td>A portion of total project or program costs related to a sponsored agreement that is contributed by someone other than the sponsor. See also, 2 CFR 200.29. Cost sharing is further classified as either mandatory or voluntary (see below).</td>
</tr>
<tr>
<td>Cost-Sharing (or Project Cost Sharing) Account</td>
<td>An account used to record mandatory and voluntary-committed cost-sharing contributions. This account may only be used to accumulate cost-sharing contributions for a single sponsored project; however, there may be more than one project cost-sharing account associated with a single sponsored project.</td>
</tr>
<tr>
<td>Direct Cost</td>
<td>A cost that directly benefits and is specifically associated with a sponsored project or program.</td>
</tr>
<tr>
<td>Effort, Actual</td>
<td>The time that an employee actually devotes to a particular sponsored project (including time pledged to a sponsor as mandatory or voluntary committed cost sharing) or other activity, expressed as a percentage of total effort.</td>
</tr>
<tr>
<td>Effort, Committed</td>
<td>The amount of effort proposed in a grant or other project application and accepted by a sponsor, regardless of whether salary support is requested for the effort. For example, if a National Institutes of Health (NIH) grant application proposes that an employee will devote 30 percent of his or her effort to the grant, with salary support for 10 percent of that effort, the committed effort for that employee is 30 percent.</td>
</tr>
<tr>
<td>Effort Planning and Certification Process</td>
<td>See Plan Confirmation.</td>
</tr>
<tr>
<td>Facilities and Administrative (F&amp;A) Cost</td>
<td>A cost incurred in support of the project or program that does not directly benefit, and is not specifically associated with a sponsored project or program. Facilities and administrative (F&amp;A) 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.</td>
</tr>
<tr>
<td>Functional Classification</td>
<td>The specific purpose of the funds contained in an account (e.g., instruction, organized research).</td>
</tr>
<tr>
<td>Higher Ed Function Code</td>
<td>The four-digit attribute code corresponding to functional classification, assigned to each university account in the general ledger system.</td>
</tr>
<tr>
<td>Indirect Cost</td>
<td>See Facilities and Administrative Cost.</td>
</tr>
<tr>
<td>Mandatory Cost Sharing</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>◆Note: Sponsor “encouraged” cost sharing not required as a condition of receiving an award does not constitute mandatory cost sharing.</td>
</tr>
</tbody>
</table>
**POLICY 1.1**

Cost Sharing for Sponsored Agreements

---

**DEFINITIONS, continued**

| **Matching Contribution** | A type of cost sharing, wherein a contribution to a sponsored project or program that is pledged to match some portion of funds provided by the primary sponsoring agency. Matching contributions may be in any form acceptable to the sponsor, including cash and third-party in-kind. |
| **Plan Confirmation** | The process used by Cornell University to satisfy federal regulatory requirements for the planning, confirmation, and certification of effort associated with federal organized research projects and other activities that support federal organized research projects (e.g., cost sharing). |
| **Third-Party In-Kind Contribution** | A non-cash contribution to a sponsored project or program provided by a party other than either Cornell University or the primary sponsoring agency. 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. |
| **Voluntary Committed Cost Sharing** | Quantified contributions reflected in the proposal budget or budget justification, or anywhere in the award. These are binding commitments and must be accounted for, in any resulting award, in accordance with this policy. See also 2 CFR 200.99. |
| **Voluntary Cost Sharing** | A contribution to a sponsored project or program offered by the principal investigator but not required by the sponsor as a condition of obtaining the award. Voluntary cost sharing is classified as either committed or uncommitted. |
| **Voluntary Uncommitted Cost Sharing** | Contributions not quantified or reflected in the proposal budget or budget justification. These are, therefore, nonbinding commitments that do not require documentation or reporting. |
POLICY 1.1
Cost Sharing for Sponsored Agreements

RESPONSIBILITIES

The major responsibilities each party has in connection with this policy are as follows:

<table>
<thead>
<tr>
<th>Office of Sponsored Programs</th>
<th>Sponsored Financial Services</th>
<th>Unit Administrator/ Principal Investigator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review cost-sharing requirements and commitments at the proposal stage.</td>
<td>Upon award, review cost-sharing requirements and commitments.</td>
<td>Determine and verify the cost-sharing requirements of the project.</td>
</tr>
<tr>
<td>Verify mandatory cost-sharing requirements and voluntary cost-sharing commitments.</td>
<td>Work with unit administrators to determine appropriate reporting requirements.</td>
<td>Evaluate the workload implications of proposed cost sharing.</td>
</tr>
<tr>
<td>Notify units and Sponsored Financial Services of mandatory cost-sharing requirements and reportable voluntary committed cost sharing at time of award.</td>
<td>Monitor cost-sharing compliance and reporting.</td>
<td>Ensure that the total of all effort for an individual does not exceed 100 percent.</td>
</tr>
<tr>
<td>Incorporate appropriate cost-sharing conditions in subrecipient agreements.</td>
<td>Enable sub-accounts for cost sharing purposes.</td>
<td>Identify, quantify, and record the mandatory cost-sharing commitment.</td>
</tr>
<tr>
<td></td>
<td>Submit necessary cost-sharing reports to sponsors.</td>
<td>Establish cost-sharing sub-account(s).</td>
</tr>
</tbody>
</table>

For Multi-Unit Projects

- Ensure that cost-sharing commitments are met and recorded properly.
- Ensure that proposal requirements are satisfied for each participating unit.
- Notify units with related project accounts of reporting requirements (if applicable).
- Establish cost-sharing sub-accounts in all units.
- Monitor and advise participating units that have sub-projects with respect to cost-sharing commitments.
POLICY 1.1  
Cost Sharing for Sponsored Agreements

PRINCIPLES

Introduction
This policy is intended to help with the following:

- Understanding the administrative, contractual, and financial requirements that result from cost-sharing commitments (see the pre-award procedures section of this document)
- Determining when cost sharing is appropriate, and what planned expenditures and services qualify for cost sharing under federal regulations (see the pre-award procedures section of this document)
- Proper recording of cost sharing in the university’s accounting system in order to comply with the federal Uniform Guidance; and to ensure consistent collection of cost-sharing information necessary for university purposes (see the post-award procedures section of this document)
- Reporting to Sponsored Financial Services, who will in turn report to sponsoring agencies, that the university has fulfilled any mandatory cost-sharing commitments it may have made as a condition of an award (see the post-award procedures section of this document)

What Is Cost Sharing?
Cost sharing is the portion of project expenses related to a sponsored agreement that is contributed by parties other than the sponsor and not directly charged to the sponsored project account(s). This may include equipment grants, construction projects, or Interagency Personnel Agreements.

Cost sharing may be required by the sponsor as a condition of receiving an award (“mandatory cost sharing”) or offered by the principal investigator (PI) by including it in the sponsored proposal document (“voluntary committed cost sharing”).

◆ Caution: It is the responsibility of the PI and the unit to evaluate the workload and budget implications of proposed cost sharing (i.e., mandatory or voluntary committed) and to ensure that the university’s cost-sharing commitment is met.

Is Cost Sharing Necessary?
Cost sharing should be proposed only when necessary, because mandatory and voluntary-committed cost sharing are binding commitments that constrain the PI’s flexibility and represent a real cost to the institution. For most federal research programs, cost sharing is unnecessary and is not a review criterion in proposal evaluation.

Federal regulation (2 CFR 200.306) states:

- Under Federal research proposals, voluntary committed cost sharing is not expected.
- It cannot be used as a factor during the merit review of applications or proposals, but
POLICY 1.1
Cost Sharing for Sponsored Agreements

PRINCIPLES, continued

may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

- Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.

The determination of the need for cost sharing is to be made by the PI, the department, and the college, with an understanding of the institutional cost, agency rules, and solicitation requirements.

Multi-Unit/Interdisciplinary Projects

Some sponsored projects involve multiple university units. In these cases, special attention must be paid to policy compliance by all concerned entities. Thus, it is the responsibility of the unit that administers the award to monitor and advise all affected units regarding compliance with the cost-sharing terms of the sponsored award (see the responsibilities section of this document).
POLICY 1.1
Cost Sharing for Sponsored Agreements

PROcedures – Pre-Award

Allowable Costs for Cost Sharing

◆General Note: Only those costs that are allowable on an award can be allowable as cost sharing on that award.

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

- Allowable and allocable under federal cost principles (2 CFR 200 Subpart E) and the terms of the sponsored agreement
- Necessary and directly related to the project objectives
- For labor costs, certifiable in the annual effort planning and certification (plan confirmation) process

The costs must not be any of the following (unless 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)

◆Caution: Use of normally indirect costs for meeting cost-sharing commitments must be specifically identified in the proposal budget or budget justification and accepted (or not specifically disapproved) by the sponsor.

Specific Expenses That May Be Considered for Cost Sharing

Cost sharing may consist of direct, or where permitted by the sponsor, unrecovered (i.e., limited by sponsor or waived by Cornell) facilities and administrative (F&A) cost. When direct expenses are subject to cost sharing, the associated indirect costs are automatically subject to cost sharing.

The following are examples of allowable forms of cost sharing:

- The effort of the principal investigator (PI) and/or employees devoted to sponsored agreements, including the associated benefits costs
- Tuition, fees, and stipends related to work performed by graduate students on sponsored agreements
- The cost of any equipment whose purchase is necessary for, and dedicated to, the successful completion of the project

◆Note: Sponsor approval may be required to include equipment in cost sharing.

◆Caution: Existing equipment made available for but not dedicated to the performance of the sponsored agreement must not be considered for cost sharing

- Laboratory supplies
POLICY 1.1
Cost Sharing for Sponsored Agreements

PROCEDURES – PRE-AWARD, continued

- Travel necessary for the project
- Costs incurred by subrecipients or other third parties, including third-party in-kind contributions, not otherwise reimbursed
  
  **Caution:** The value of a third party in-kind contribution must be established and documented. When the contribution is in the form of effort, the contributor must certify that the regular rate of compensation was used in the calculation of costs to be shared. When contributions are other than personal services, the provider must state the fair market value of the item.

- Waived or reduced F&A costs (i.e., the difference between the applicable negotiated indirect cost rate and the amount of indirect costs awarded by the sponsor)
  
  **Caution:** Unrecovered F&A costs (if any) may be included as part of cost sharing on federal awards only if they are specifically identified in the award, authorized by the proposal solicitation or agency rules, or with the specific approval of the awarding agency.

Establishing Cost-Sharing Effort

Generally, there will be some level of committed faculty (e.g., PI) or senior researcher effort directly charged or specifically designated for cost sharing to a sponsored project. For effort to be considered as covered under a sponsored agreement, it must be quantified in the proposal budget or budget justification. The amount of effort must be realistic and should be determined on a project-by-project basis. For more information, contact the Office of Sponsored Programs (OSP).

The total of one’s effort, including other university duties, cannot exceed 100 percent.

In determining the appropriate level of effort subject to cost sharing, investigators should consider the following:

- The sponsor’s requirement for cost sharing, if any
- The percentage of time spent on other sponsored projects
- The amount of effort devoted to other functions such as teaching and extension
- Whether the project involves a co-principal investigator
- The size of the project

Cost-Sharing

It is the unit’s responsibility to properly identify cost sharing during the proposal
Commitment stage and indicate it on the “Internal Academic Approval of Sponsored Programs” form (Form 10). Prior to award acceptance, OSP will contact the unit or the PI with any concerns it has regarding the university’s proposed cost-sharing commitment (mandatory or voluntary committed). At the time of the award, OSP will notify Sponsored Financial Services and the unit of the mandatory or voluntary committed cost-sharing requirements.

◆ Caution: Once the award is accepted, failure to comply with the cost-sharing commitment may result in a loss or return of project funds. Tracking of mandatory or voluntary committed cost sharing should be done regularly by units to prevent an over or under-contribution. 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 or unit administrator must notify OSP immediately.
POLICY 1.1
Cost Sharing for Sponsored Agreements

PROCEDURES – POST-AWARD

Accounting for Cost Sharing

All mandatory and voluntary committed cost-sharing expenditures of a sponsored project must be properly recorded and reported in the university accounting system.

To facilitate the tracking and reporting of mandatory and voluntary committed cost-sharing expenditures by specific awards, unless approved in advance by Sponsored Financial Services (SFS), unit administrators must track these cost-sharing expenditures by award through the Kuali Financial System (KFS) cost-sharing mechanism, using cost-sharing (CS) sub-accounts. Cost-sharing sub-accounts are automatically in the same function as their parent accounts.

In-kind contributions from third parties must be documented properly. Volunteer services should also be documented by the same methods to those used by the university for its own employees (i.e., plan confirmation). Additionally, the basis for determining the valuation of personal service, material, equipment, buildings, and land shall be documented.

◆Caution: The amount of cost sharing reported in the accounting system must be consistent with the amount in the award documents. The unit should notify the Office of Sponsored Programs (OSP) if it anticipates not meeting cost-sharing requirements. OSP will work with the unit and SFS to investigate an appropriate course of action.

Documentation

Throughout a project's life and subsequent record retention period, the principal investigator and the unit must maintain sufficient supporting documentation to substantiate the mandatory and voluntary committed cost-sharing contribution to the project. This documentation may be required by sponsors, auditors, and/or the Division of Financial Affairs.

The specific type of documentation required is based on the nature of the award, the type of cost sharing (i.e., mandatory, voluntary committed), the terms of the sponsored agreement, and other circumstances of the award. For further information, contact SFS.

Effort Reporting and Certification

The university effort planning and certification (plan confirmation) process requires that effort committed to a sponsored project be classified consistently, even if salaries are not charged to the sponsor. When there is a significant change from the individual's planned effort, including the cost-sharing amount, a change to the employee's costing allocation should be made in Workday. Retroactive amounts should be transferred using a Salary Expense Transfer (ST) e-doc. Effort, including the cost-sharing amount, must be confirmed as part of the annual effort planning and
POLICY 1.1
Cost Sharing for Sponsored Agreements

PROCEDURES – POST-AWARD, continued

certification process.

◆ Note: Upon award, any effort committed as cost sharing should be processed in Workday and/or ST. Voluntary committed effort may be processed periodically in accordance with the timing and process permitted by policy. Voluntary uncommitted effort does not have to be identified. For more information, see University Policy 3.11, Effort Planning and Confirmation.
POLICY 1.1
Cost Sharing for Sponsored Agreements

INDEX

Actual effort.......................................................... 5
Auditor.......................................................... 13
Benefit costs ............................................. 5, 10
Budget ........................................ 6, 8, 10, 11
Budget justification .................................. 6, 10, 11
Buildings......................................................... 13
Cash .......................................................... 6
Charging Direct and Indirect Costs, University Policy ........................................ 3
Commitment ........................................... 1, 5, 6, 7, 8, 12, 13
Committed effort .......................................... 5, 14
Compensation .................................................. 11
Construction project ............................................... 8
Co-principal investigator ............................................. 11
Cost and Capital Assets ............................................. 4
Cost sharing ........................................... 1, 5, 6, 7, 8, 10, 11, 12, 13, 14
Cost Sharing Accounting ............................................. 4
Cost-sharing account ............................................. 5
Cost-sharing commitment ........................................... 1, 7, 8, 10, 12
Cost-sharing sub-account ........................................... 7, 13
Direct cost ............................................. 5, 10
Division of Financial Affairs (DFA) .......................................... 13
Documentation .................................................. 4, 6, 13
Effort ................................................. 7, 10, 11, 13, 14
Effort planning and certification................................. 4, 5, 10, 13, 14
Effort Planning and Confirmation, University Policy .................. 3, 11
Effort, Actual .................................................. 3, 14
Effort, committed .................................................. 5
Employee ........................................... 7, 10, 13
Equipment .................................................. 6, 10, 13
Equipment grant ............................................. 8
Facilities and administrative (F&A) cost .......................... 5, 10, 11
Faculty .......................................................... 11
Federal award .................................................. 11
Federal cost principles ........................................... 10
Federal funds .................................................. 10
Federal project .................................................. 10
Fees .......................................................... 10
Financial Research Administration ........................................ 4
Form 10 (Internal Academic Approval of Sponsored Programs form) .................. 3, 12
Function code .................................................. 5
Functional classification ........................................... 5
Graduate student .................................................. 10
Guide to Budgeting and Costing of Sponsored Projects 3
Indirect cost .................................................. 5, 10, 11
In-kind Contribution ............................................. 6, 11
Interagency Personnel Agreement ....................................... 8
Internal Academic Approval of Sponsored Programs
form (Form 10) ............................................. 3, 12
Kuali Financial System (KFS) .......................................... 13
Labor costs .................................................. 10
Laboratory supplies .................................................. 11
Land .......................................................... 13
Mandatory cost sharing ........................................... 5, 7, 8, 12, 13
Matching contribution .................................................. 6
Multi-unit disciplinary projects ......................................... 7
National Institutes of Health (NIH) ......................................... 5
Non-cash contribution .................................................. 6
Office of Sponsored Programs (OSP) ...................................... 4, 7, 11, 12, 13
Plan confirmation ............................................. 5, 6, 10, 13
Principal investigator ............................................. 6, 7, 8, 9, 10, 11, 12, 13
Project cost-sharing account ........................................... 5
Proposal .................................................. 4, 10
Proposal narrative .................................................. 6
Recording .................................................. 1
Reporting .................................................. 1, 4, 6, 7, 13
Researcher .................................................. 11
Retention of University Records, University Policy 4.7
Salary .................................................. 5, 13
Salary Expense Transfer (ST) e-doc ...................................... 3, 13
Senior researcher .................................................. 11
Sponsor ........................................ 5, 6, 7, 8, 10, 11, 13
Sponsored agreement ............................................. 4, 5, 8, 10, 11, 13
Sponsored Financial Services (SFS) ...................................... 4, 7, 8, 12, 13
Sponsored project ............................................. 1, 5, 6, 8, 9, 10, 11, 13
Sponsored proposal .................................................. 8
Sponsering agency .................................................. 6, 10
Stipend .................................................. 10
Subrecipient agreement .................................................. 7
Teaching .................................................. 11
Third-party in-kind contribution ........................................... 6, 11, 13
Travel .................................................. 11
Tuition .................................................. 10
Uncommitted .................................................. 6, 14
POLICY 1.1

Cost Sharing for Sponsored Agreements

INDEX, continued

Uniform Administrative Requirements (2 CFR 200) ......................................................... 3, 5, 6, 8, 10
Voluntary uncommitted cost sharing ................................................................. 6
Voluntary uncommitted effort ........................................................................ 14
Voluntary committed cost sharing ................................................................. 5, 6, 7, 8, 12, 13
Volunteer services ......................................................................................... 13
Voluntary cost sharing .................................................................................. 6
Workday ........................................................................................................... 3, 13, 14