



COST SHARING ON SPONSORED PROJECTS

California Institute of Technology

Pasadena, California

Issuing Authority: Office of Financial Services

Effective Date: **October 1, 2003**

Definitions:

Cost sharing is that portion of the total cost of a research or other externally funded project that is not funded by the sponsor. Depending on the circumstances, cost sharing may be considered committed (mandatory or voluntary) or uncommitted.

Committed Cost Sharing

Specifically identified and described in the proposal budget and made a condition of the resulting award. Sponsors require that committed cost sharing be tracked, documented, and in some cases certified and reported.

- **Mandatory Cost Sharing**
Required by the sponsor as a condition of an award. Mandatory cost sharing results either from statutory requirements or from agency policy requirements.
- **Voluntary Cost Sharing**
Not required by the sponsor, but is offered by the grantee institution as a demonstration of its commitment to the project. When voluntary cost sharing is included in the proposal budget, it is considered committed cost sharing once the award has been made.

Uncommitted Cost Sharing

Any contributions to the project above the amount committed and budgeted for in a sponsored agreement. Uncommitted cost sharing does **not** have to be tracked, documented, or reported.

Policy:

It is the policy of the California Institute of Technology (Caltech) that committed cost sharing is proposed, approved, administered, and accounted for in a consistent and reasonable manner. Committed cost sharing on a sponsored project is a binding obligation that must be satisfied in accordance with the sponsor's requirements. Caltech's policies and procedures with regard to cost sharing are intended to comply with the requirements of OMB Circulars A-110, A-21, and the A-21 Clarification Memo M-01-06 (dated January 5, 2001) and are consistent with the cost sharing requirements of the federal sponsors of research at Caltech.

Proposals for sponsored projects should contain formal cost sharing commitments **only** when cost sharing is required (mandatory) by the sponsoring agency and stated as an eligibility criterion for the project for which funding is sought.



COST SHARING ON SPONSORED PROJECTS

California Institute of Technology

Pasadena, California

Federal regulatory requirements for cost sharing include:

- Federal funds cannot be used to meet cost sharing requirements on federally funded awards.
- Costs can be claimed as cost sharing only once.
- Costs claimed as cost sharing must be verifiable, necessary, allowable, and reasonable for the award on which they are being claimed.

Methods of Cost Sharing:

Cash

The cash method of cost sharing involves commitment of unrestricted Institute funds made available in support of a project. Sources include Divisional funds, Provost's funds, and funds from Endowed Chairs.

A common source of cost sharing that is found in Caltech proposals is the effort of faculty that is devoted to a sponsored project, but not paid by the sponsor. When effort is used as a cost sharing method, the associated fringe benefit and indirect costs should be included in the calculation.

Third Party Contributions

"Third party" refers to an organization other than Caltech that is contributing to the costs of the project. Examples include donations of equipment from manufacturers and funding commitments from sub-recipient institutions (typically other universities with whom Caltech faculty are collaborating).

Third party contributions may also include supplies/materials, equipment, volunteer services and others, as long as the items meet the sponsor's criteria for cost sharing. The value of the cost sharing includes the direct cost of the item(s) plus indirect costs that would be applicable if the item were charged directly to a grant or cooperative agreement.

Requirements:

Proposal stage

At the proposal stage, where there is a formal cost sharing commitment (mandatory or voluntary), the source(s) and amount of the cost sharing will be identified in the proposal budget and budget justification. The Divisional Approval Form (DAF) will reflect the approval of the Institute official(s) responsible for the source of funds that will be used for cost sharing, e.g., the Provost, the Division Chair, the Principal Investigator.



COST SHARING ON SPONSORED PROJECTS

California Institute of Technology

Pasadena, California

Award Acceptance and Initiation stage

Awards with cost sharing requirements should be identified in the financial system, and on the Award Summary prepared and distributed by the Office of Sponsored Research (OSR).

OSR will prepare a Cost Sharing Worksheet (Worksheet) for each award with a cost sharing requirement. The Worksheet will summarize the details of cost sharing on the award, including:

- Specific requirement (expressed as either a dollar amount or percentage of project costs).
- Source of the cost sharing funds.
- Method of confirming the cost sharing requirement.
- Reporting requirements for the cost sharing, including frequency, period covered by the report, and level of detail.

The Worksheet is distributed to:

- The Principal Investigator
- Grant Manager
- Project Accounting
- Division
- Cost Studies

Post Award stage

For awards that include committed cost sharing, Caltech is required to maintain documentation of the cost sharing and, in certain instances, to submit formal reports of the cost sharing to the sponsor. When reporting to sponsors is required, the terms of the award indicate the frequency of reports (generally annually and/or at end of the project). Project Accounting works with Grant Managers and Principal Investigators to make sure that the necessary cost sharing documentation has been maintained and provided. When required by sponsors, formal cost sharing reports are certified and submitted by Project Accounting.

Roles and Responsibilities:

It is the responsibility of the:

Principal Investigator to:

- Ensure compliance with the Cost Sharing Policy
- Identify cost sharing commitments in proposals
- Obtain approval for cost sharing commitments from the Division Chair, Provost or other Institute officials as appropriate
- Obtain documentation of third-party contributions
- Assure that committed cost sharing effort is provided and documented

Division to:



COST SHARING ON SPONSORED PROJECTS

California Institute of Technology

Pasadena, California

- Ensure that division personnel involved in financial administration of sponsored projects are familiar with the Cost Sharing Policy
- Commit Divisional funding, as appropriate, to meet cost sharing requirements
- Monitor awards to assure that cost sharing requirements are met and recorded.

Office of Sponsored Research to:

- Advise principal investigators and divisional administrators of the cost sharing requirements associated with particular grant or cooperative agreement programs
- Review proposals prior to submission to assure that formal cost sharing commitments are fully documented and that all necessary approvals have been obtained
- As part of the award initiation process, inform investigators, divisional personnel and central administrative departments of the details of the cost sharing requirements associated with particular awards
- As necessary, negotiate revisions to cost sharing requirements with sponsoring agencies
- Initiate Cost Sharing Worksheet

Project Accounting to:

- Monitor awards, in conjunction with the Grant Manager, to assure that cost sharing requirements are being met
- Report and certify cost sharing to sponsoring agencies as required
- Inform principal investigator or cognizant official when cost sharing requirements are not being met

Cost Studies to:

- Assure that cost sharing is correctly reflected in the Institute's indirect cost rate calculations

Other Information: NSF 1% Statutory Cost Sharing Requirement:

The National Science Foundation requires Caltech and all other grantees to cost share a minimum of one percent of the aggregate total of all NSF research grants subject to this requirement (most investigator-initiated research projects).

This cost sharing requirement is fulfilled through documenting a portion of the graduate research assistant tuition remission that is provided by Caltech, but not charged to NSF grants.

For NSF grants subject to this requirement, it is not necessary to identify any cost sharing amounts in proposals or awards.