

## **Cost Sharing Commitments to Sponsored Projects\*** **Eastern Illinois University**

### **Section I: Purpose and Rationale**

This document states and updates Eastern Illinois University's (EIU's) policy on cost sharing. This updated policy is effective for proposals submitted and awards received on or after August 26, 2015.

The policy was developed for the following purposes:

1. To provide guidance regarding the circumstances in which cost sharing is permitted—including what kind of costs may be counted as cost sharing.
2. To provide information to the EIU community regarding the contractual, financial, and administrative consequences of cost sharing.
3. To establish procedures which give EIU the ability to demonstrate to sponsoring agencies that the University has fulfilled any cost sharing commitments it has made as a condition of obtaining external sponsorship.
4. To ensure that cost sharing associated with federal funds and federal flow-through funds is managed in compliance with current federal policy as it is stated in 2 CFR sections 200.29, 200.99, and 200.306.

EIU encourages faculty and staff to seek external funding to enhance their teaching, research, and outreach activities, and principal investigators must receive adequate institutional support in order to be effective in national and international competition for grant and contract funding. An important dimension in the pursuit of sponsored project funding is the allocation of institutional resources to match commitments made to EIU by external funding agencies. At the same time, it is important that these institutional commitments be well documented and that they not overburden budgets at the department, college, or University level.

### **Section II: Definitions**

**Cost Sharing.** "Cost sharing" is the portion of project or program costs that are not provided by the sponsor. There are different types of cost sharing.

**In-Kind:** "In-kind" refers to costs incurred in support of a sponsored project in which there is no transfer of institutional cash involved. In-kind contributions may come from EIU or from a third party. An example is the value of personnel time.

**Cash Commitments:** Pledges made by EIU to cover cost sharing commitments using institutional cash.

**Mandatory:** Cost sharing that is required by the sponsor as a condition for funding.

**Voluntary:** Cost sharing that is not required by the sponsor as a condition for funding.

**Committed:** Mandatory or voluntary cost sharing that is pledged in the proposal and stated in the award documents.

**Uncommitted:** Voluntary cost sharing that is not pledged in the proposal or stated in the award documents.

### **Section III: When to Commit to Cost Sharing**

EIU should minimize cost sharing on sponsored projects. When constructing a budget for a grant or contract proposal, the principal investigator must consider all of the resources necessary to carry out the proposed project and:

Commit all mandatory cost sharing (whether cash or in-kind) at the required level of commitment, document the internal budgetary sources of these commitments, and obtain a signature from a person authorized to commit the resources.

Voluntary committed cost sharing (whether cash or in-kind) should be avoided when it is not required and minimized when it is requested. Use of voluntary committed cost sharing as a strategy for enhancing the competitiveness of a proposal is recommended only if there is documentable reason to do so and if the Provost approves.

### **Section IV: Allowable and Unallowable Forms of Cost Sharing Expenses**

Costs treated as direct costs on sponsored agreements may be used to meet a cost sharing obligation provided they are necessary and directly related to the project. Costs must also be allowable, verifiable, clearly identified in EIU's records, and applied consistently across all funding sources. The following is a partial list of allowable forms of cost sharing:

- Direct expenses
- Effort of the PI and/or employees committed to sponsored agreements, including their associated benefits costs
- Tuition, fees, and stipends related to work performed by graduate students on sponsored agreements
- Travel costs
- Unrecovered F&A costs – if F&A is not allowed on the grant
- Waived or reduced F&A costs. The difference between EIU's negotiated F&A cost rate and the amount of F&A costs allowed by the sponsor. This amount may be used as cost sharing if approved by the sponsor.

Examples of expenditures which may not be used as cost sharing include, but are not limited to:

- Expenditures that occur outside the period in which the award allows costs
- Expenditures normally treated as F&A, such as administrative salaries and office supplies
- Unallowable costs, such as alcoholic beverages, entertainment, etc.
- Cost of equipment made available for, but not dedicated to, the performance of the sponsored project
- Any costs already included as cost sharing for any other project

- Costs paid by a given sponsor under another award from the same sponsor (Federal funds, specifically, must not be used as cost sharing on another federal project without prior approval.)

### **Section V: Documentation of Cost Sharing**

When cost sharing or matching is specified in a proposal to an agency (whether required or voluntary), it becomes a commitment of the University. Throughout the project's life, the principal investigator and the administering unit must maintain sufficient documentation to substantiate the actual cost sharing contribution and make those records available to the funding agency, should the agency require them. The specific type of documentation required is determined by the nature of the award, the type of cost sharing, the terms of the sponsored agreement, and other circumstances of the award.

When the effort of an EIU employee is committed to an award as cost sharing, EIU is bound to contribute the effort and to track, record, and report the associated expenditures. EIU effort used as cost sharing must be verified with either a signed effort report or a signed workload document.

When a proposal is submitted, all cost sharing must be clearly identified in terms of both the dollar value and the account from which the dollars will come and approved by the account financial manager.

### **Section VI: Third-Party Cost Sharing**

Third-party cost sharing may be cash or non-cash. All non-cash contributions must be verifiable. The written agreement should require verifiable information on any third-party non-cash contributions (e.g., names, dates, hours worked) should be submitted at regular intervals.

\*This document is an edited version of text that was drawn from several sources including cost sharing policies at the University of Alabama-Huntsville, the University of Maryland, and the University of Saint Thomas.