

## Cost Sharing on Sponsored Projects

### Purpose

The purpose of these guidelines is to promote a shared understanding among Principal Investigators (PIs), grants staff, and administrators regarding how cost sharing is proposed, approved, administered, and accounted for at DePaul.

### Definitions

*Cost sharing* is a financial contribution toward the total cost of a sponsored project from a source other than the sponsoring agency. Following are definitions of various types of cost sharing:

- *In-Kind*: a financial contribution toward a sponsored project that consists of donated goods and services.
- *Cash*: a financial contribution toward a sponsored project that consists of direct monetary support.
- *Matching*: providing additional resources (*in kind* or *cash*) for a sponsored project in some required proportion to the amount to be externally funded.
- *Mandatory*: cost sharing that is required by the sponsor as a condition of a grant or contract award.
- *Voluntary*: cost sharing that is not required by the sponsor but is offered by the grantee to demonstrate its commitment to the project.
- *Committed*: cost sharing (either *mandatory* or *voluntary*) is *committed* when a quantifiable financial contribution to a sponsored project from a source other than the sponsor is referred to in the proposal narrative or included in the proposal budget.
- *Third-party*: a cost sharing commitment to a sponsored project made by a party other than the University or the sponsoring agency.

### Need for These Guidelines

The guidelines are necessary for several reasons:

- Cost sharing is a commitment of university resources to a sponsored project.
- At the point of a grant award, cost sharing commitments will typically result in contractual, financial, and administrative requirements that the University is obligated to fulfill.
- Failure to meet these requirements may result in termination of the grant award, disallowance of grant costs, or return of grant funds to the sponsoring agency.

## When and to What Extent to Cost Share

In determining when to cost share, the expectations of the sponsor are the key. Most sponsors state their expectations regarding cost sharing in their grant guidelines, RFP's, program descriptions, and other such documents, which should be carefully consulted. Cost sharing is appropriate when the sponsor clearly indicates that it is required, strongly encouraged, or a criterion for proposal review. In such cases, the cost sharing should be offered prudently, at a level that does not significantly exceed the stated expectations of the sponsor.

## Financial Responsibility for Cost Sharing Commitments

The dean or unit head who reviews a proposal containing cost sharing should carefully consider whether the necessary resources are available. **Any cost sharing commitment made in a proposal is the responsibility of the college, school, or other administrative unit that approves the commitment.**

## What Counts as Cost Sharing

To count as cost sharing, a contribution MUST be:

- Verifiable from university records.
- Claimed only once as cost sharing.
- Necessary and reasonable to accomplish the project.
- Allowable under the sponsor's guidelines.
- Spent during the project period.

To count as cost sharing, a contribution MAY NOT be:

- Already committed to another project as cost sharing.
- Deemed an unallowable cost by the sponsor.
- Federal funds being committed to another federal project.
- Already recovered through indirect costs paid by the sponsor.

## Considerations for Specific Types of Expenses

### *Indirect Costs*

- When indirect costs (also known as Facilities & Administrative Costs) are paid by the sponsor, expenses typically recovered as indirect costs should not be included as cost sharing.
- If a sponsor does not pay indirect costs at DePaul's full negotiated rate, the difference may be cost shared if the sponsor allows it.
- Use of DePaul facilities should be cost shared only when a sponsor that does not pay indirect costs allows it, and when the facility costs are already clearly established, at rates that can be soundly documented.

### *Equipment Costs*

- As a general rule, equipment costs may be included as cost sharing only if the equipment is being purchased specifically for the sponsored project.

### *Tuition Costs*

Tuition may be offered as cost sharing as long as:

- A college or other administrative unit commits to paying the unrecovered tuition costs, supplying the number of the account to which the tuition is to be charged.
- All fees associated with the tuition are accounted for--as a sponsor expense, as cost sharing, or as a student cost.

*Other Grant Funds*

- Federal funds may not be committed to another federally sponsored project as cost sharing.
- Funds from privately sponsored grant awards may be cost shared if they meet the general guidelines for what counts as cost sharing (verifiable from university records, claimed only once as cost sharing).
- When necessary, pending proposals submitted to other sponsors may be referenced in a grant proposal so long as:
  - ✓ All pending funding referred to is clearly identified as such and not as committed cost sharing.
  - ✓ A disclaimer is included indicating that DePaul will not be responsible for supplying the additional funds if the pending proposals are not awarded.

*Contributions by Third Parties*

Third party cost sharing may include items such as supplies and materials, personnel costs, volunteer services, and facilities costs, provided that:

- The value of the contributions can be readily determined and substantiated.
- The contributions are documented via a letter from the organization, signed by an authorized representative, that specifically commits them as cost sharing.

**Proposals are not ready for submission until letters of commitment documenting any third-party cost sharing are on file in ORS.**

**If third-party cost sharing included in a grant proposal does not materialize, the school, college, or other administrative unit from which the proposal originated will be responsible for the full dollar amount.**

**Approvals of Cost Sharing Commitments**

All cost sharing commitments must be included in the proposal budget and approved, as part of the proposal review and approval process, by the dean or other unit head responsible for providing the funds and/or resources to be used for cost sharing.

If fundraising will be needed to meet the cost sharing commitments, then the Senior VP for Advancement must also review and approve the proposal. In addition, the approval of the Provost's Office is required for proposals that include a total of \$300,000 or more in cost sharing. The Office of Research Services (ORS) will request this approval on behalf of the PI.

**Allow 7 business days for proposal review if the budget includes \$300,000 or more in cost sharing, or if fundraising will be needed to meet the cost sharing commitments.**

**Proposals are not eligible for submission to the sponsor until all of the required internal approvals, along with letters of commitment for any third part cost sharing, are on file in ORS.**

## Proposal Checklist

PIs should follow these steps when including cost sharing in a grant proposal:

- Alert ORS that a proposal is being developed which will include cost sharing.
- Working with ORS, develop a draft budget that reflects the sponsor's cost sharing expectations. (See the section *When and to What Extent to Cost Share* for guidance.)
- Initiate discussions with deans, unit heads, and/or third party organizations to find out whether they are willing to provide the cost sharing needed. These conversations, based on a draft proposal budget, should begin well in advance of the proposal deadline.
- Include all cost sharing commitments when developing the final proposal budget.
- At least **5 business days** before your proposal deadline, submit the completed proposal review form and all commitment letters from third parties to ORS. **Allow 7 business days for proposal review if the budget includes \$300,000 or more in cost sharing, or if fundraising will be needed to meet the cost sharing commitments.**

## Grant Award Checklist

PIs should follow these steps when receiving a grant award that includes cost sharing:

- Meet with ORS award management staff for an introduction to managing cost-shared funds.
- If any of the cost sharing will be supplied by third-party organizations, meet with the Director of Restricted Accounting to define reporting and documentation procedures, and then communicate these to the third-parties, scheduling on-site meetings with them, as needed.
- Monitor the cost share and sponsor accounts regularly (once a month or more), making sure that expenses are being allocated correctly and that cost sharing is keeping pace with expenditures from the sponsor-funded account.
- Contact ORS for help in addressing any problems involving the cost share account associated with the sponsored project; and contact Restricted Accounting for help in addressing problems related to third party cost sharing.
- If a budget modification or no-cost extension is needed, be sure to route the request through ORS so that the impact of these changes on cost sharing can be identified and addressed.
- Rely on Restricted Accounting to prepare all financial reports for the sponsor, including reports on cost sharing. Do not include financial information in the programmatic report unless specifically authorized to do so by Restricted Accounting.