

June 2017

Essential Topics for Researchers: Cost Sharing on Sponsored Projects

Cost Sharing

Cost sharing is the portion of sponsored project costs that is provided by the University rather than by the sponsor. Although a sponsor may use words such as “grant matching,” “in-kind contribution,” or “hard-dollar match,” these terms are synonymous with cost sharing.

KU’s Position on Cost Sharing

The University strives to maximize cost reimbursement from extramural sponsors to support the projects they fund. Therefore, the University will generally allow only the minimum contribution needed to meet a sponsor’s cost sharing requirement. Voluntary committed cost sharing is to be avoided and will be permitted only in limited situations.

This does not mean that investigators should not spend time on projects for which they receive no salary support from the sponsor, nor does it mean that the University will not contribute to the costs of certain types of sponsored projects. But cost sharing commitments must be considered carefully as they have broad implications for both investigators and the University.

First, sponsor acceptance of an offer of cost sharing becomes an obligation that the University must fulfill. Second, cost sharing of project direct costs redirects scarce academic unit or central resources from other mission-critical uses. For every dollar cost-shared, the University forfeits not only the recovery of that dollar, but also any associated research operating costs (also called facilities and administrative costs or F&A). Third, all cost sharing commitments are subject to audit. Therefore, cost sharing imposes a substantial administrative burden on the Principal Investigator, Shared Service Center, and KU Research to track, document, and report on cost sharing commitments. Fourth, the total value of the University’s cost sharing commitments is added to its research base when calculating the F&A rate. The increased base decreases the University’s overall F&A rate, but does not reduce the actual research operating costs incurred to support a cost-shared project.

Federal Cost Sharing Regulations

The University’s treatment of cost sharing is governed by rules for Federal awards promulgated by the Office of Management and Budget (OMB) under Uniform Guidance at 2 CFR Part 200¹. As at other research universities, it is the University’s practice to apply those standards to all sponsored projects regardless of the source of funds.

Subpart E (Cost Principles) of 2 CFR Part 200 provides comprehensive information regarding costs allowable under Federal awards and for identifying and documenting costs that may be offered as cost sharing. In establishing the principles of allowability, allocability, and reasonableness, Subpart E also creates a context for the application of the cost principles to other subparts and appendices of Uniform Guidance.

Section 200.306 of Subpart D (Post Federal Award Requirements) provides guidance on determining the allowability and value of specific types of cost sharing contributions. There are seven criteria that a cost-shared item must meet in order to be accepted by a sponsoring agency. It must (1) be verifiable from the University's official records; (2) be used as a contribution only once; (3) be necessary and reasonable for the proper and efficient accomplishment of the project objectives; (4) be indicated in the approved budget, as required by the sponsor; (5) not have been paid to the University under another Federal award, except where specifically authorized by Federal statute; (6) conform to any applicable provisions of 2 CFR Part 200, Subpart D; and (7) be an allowable cost under 2 CFR Part 200, Subpart E.

The Federal regulations contain four key points:

1. A cost-shared item must be allowable as a direct cost. Goods and services donated by a third party are the sole exception.
2. The cost-shared item must be allocable as a cost to the project and contributed during the performance period of the award. For example, the salary and fringe benefits of a University employee can be included as cost sharing only if that individual actually works on the project (i.e., devotes effort) during the award period.
3. The same cost sharing contribution cannot be used to meet commitments on more than one project.
4. The cost-shared item must not duplicate the type of costs included in the University's F&A expenses. Examples of ineligible items include salaries of administrative and clerical staff, office supplies, library expenses, and operations and maintenance costs.

Consequences of Non-compliance

Cost sharing audits have resulted in multi-million dollar judgements against some research universities. Failing to fulfill cost sharing obligations or to abide by a sponsor's requirements regarding allowability, allocability, reasonableness, or valuation of cost sharing contributions may be grounds for the sponsor to: withhold future payments; disallow all or a portion of the costs associated with non-compliance (i.e., funds must be returned to the sponsor); suspend or terminate an award; or pursue legal action.

Types of Cost Sharing

All cost sharing falls into one of three categories:

Mandatory Cost Sharing. Cost sharing that is required by a sponsor as an eligibility condition for submitting a proposal and receiving an award is called *mandatory cost sharing*. This type of cost sharing can result from a statutory requirement or from a sponsor's policy statement. The requirement for mandatory cost sharing must be identified in the sponsor's solicitation (i.e., request for proposals) or funding opportunity announcement and must be explicit. Mandatory cost sharing may be expressed in several ways, such as a specific dollar amount, a percentage of sponsor funds being requested, or a percentage of the total project costs.

Voluntary Committed Cost Sharing. Cost sharing offered in a proposal but not required by the sponsor is called *voluntary committed cost sharing*. Once offered in the proposal and accepted by the sponsor, it becomes an obligation that the University must fulfill (see 2 CFR

§200.99). Inclusion of voluntary committed cost sharing in a proposal requires prior approval by the relevant dean or director and by the Vice Chancellor for Research.

Under Uniform Guidance at 2 CFR §200.306, voluntary committed cost sharing is not expected for any Federal award and cannot be used as a factor during the merit review of proposals. It may be considered in making an award, if it is both in accordance with the Federal awarding agency's policies and specified in the funding opportunity announcement.

Cost sharing that is "encouraged" by a sponsor, rather than stipulated in a funding opportunity announcement, is not mandatory cost sharing. Any cost sharing offered in response to such encouragement is voluntary committed cost sharing.

Note: The National Science Foundation (NSF) prohibits the inclusion of voluntary committed cost sharing. Some NSF programs require mandatory cost sharing and this is specified in the program solicitation. NSF Program Officers are not authorized to impose or encourage cost sharing. (See NSF Proposal and Award Policies and Procedures Guide II.C.2.g(xii), 30 January 2017.)

Voluntary Uncommitted Cost Sharing. *Voluntary uncommitted cost sharing* is cost sharing that is over and above any amount of cost sharing that was committed and budgeted in a sponsored project. It occurs during the course of conducting the project, typically when an individual expends more effort on the project than was agreed to in the award. Voluntary uncommitted cost sharing is neither pledged explicitly in the proposal nor stated in the agency's notice of award. It need not be documented, tracked, or reported; and it is not subject to effort certification requirements. (See OMB Memorandum M-01-06, 05 January 2001, for more information.)

Cost Sharing and Effort Commitment

A cost sharing commitment is not the same thing as an effort commitment, but the two are related.

A *cost sharing commitment* is an obligation by the University to contribute to the total costs of a sponsored project by providing services or goods at no cost to the sponsor, or by providing a cash contribution toward a project expense.

An *effort commitment* is a contractual obligation to devote labor to a sponsored project. The sponsor may pay for all, some, or none of this contributed labor. *Paid effort* is effort for which the sponsor pays. *Cost-shared effort* is effort for which the University or a third party pays. A cost sharing commitment is created whenever an effort commitment is made without requesting that the corresponding salary and fringe benefits be paid by the sponsor.

For example, the statement "*Professor Smith will devote 30% of her effort during the academic year to this project*" is a specific and quantifiable statement that creates an effort commitment. If this is not accompanied by a request for 30% of Professor Smith's salary and fringe benefits in the project budget, a cost sharing commitment is also created.

An effort commitment can have both paid and cost-shared components. For example, if Professor Smith commits 30% effort to a project, but requests only 20% of her salary and benefits to be paid by the sponsor, then 10% of her effort will be cost-shared.

General Guidelines for Including Mandatory Cost Sharing in a Proposal

Each proposal seeking extramural support that involves mandatory cost sharing should be clear regarding the specific items or resources being offered as cost sharing to meet the sponsor's requirement and the basis for establishing the value of those items or resources. To facilitate administrative review, all cost sharing contributions need to be explicitly identified in the proposal budget and explained in the budget narrative.

The Principal Investigator is responsible for identifying the resources needed to meet the cost sharing commitment. Investigators who want to include salary and fringe benefits as cost sharing in a proposal should take into account other commitments of time and effort for themselves and others who will work on the project. The Principal Investigator is expected to discuss contemplated cost sharing with their respective department chair and/or dean or institute/center director before making any commitments. The Principal Investigator is responsible for identifying the funding source (cost center) for each cost sharing contribution at the time of proposal preparation. This is a prerequisite for review and approval given that deans and directors are authorized to approve cost sharing from funding sources they control.

Proposals should be responsive to the applicable sponsor guidelines in the funding opportunity announcement. However, any attempt by a sponsor to impose arbitrary or unreasonably high cost sharing contributions (sometimes called "over matching") should be resisted. Contact the Office of the Vice Chancellor for Research for assistance dealing with such pressure.

Although KU Research will endeavor to be responsive to requests for assistance in meeting cost sharing requirements, funds are quite limited. Investigators should make every effort to meet mandatory cost sharing requirements using in-kind contributions (see below). It is important that requests for mandatory cost sharing be submitted as early as possible so that there will be adequate time for consultation about whether the benefits of receiving an award outweigh the costs associated with meeting the cost sharing requirement. In some cases, a cost sharing requirement may create a burden greater than the University can reasonably bear.

In practice, KU Research will contribute up to 50% of the total cost sharing required for institutionally important proposals such as NSF Major Research Instrumentation (MRI) proposals that are judged to be highly competitive. KU Research will not contribute cost sharing for proposals to for-profit sponsors. In some cases, the Vice Chancellor for Research will provide a letter of institutional support in lieu of a cash contribution.

General Guidelines for Proposing Voluntary Committed Cost Sharing

Although voluntary committed cost sharing is to be avoided whenever possible, the University recognizes that voluntary committed cost sharing is appropriate in certain circumstances. Inclusion of voluntary committed cost sharing in a proposal requires prior approval by the relevant dean or director and the Vice Chancellor for Research. Examples of instances when voluntary committed cost sharing might be appropriate include:

- to fulfill the Office of Management and Budget requirement for a minimum commitment of Principal Investigator effort on a sponsored project (typically 1% effort)
- to support investigator effort on an award for which the total project costs are small and capped by the sponsor
- to secure sponsored project funding for an investigator in a research discipline for which access to extramural funding is inherently limited
- to provide institutional support for a project that is truly significant in scope and judged vital to the University's mission

Methods of Cost Sharing

Direct Costs Funded by the University. These include in-kind or cash contributions from University funds. An in-kind contribution is an item of cost for which institutional funds are already committed. No new cash outlay is required. The most common form of in-kind contribution is the salary and fringe benefits paid by the University to faculty and other employees who work on a sponsored project. Whenever possible in-kind cost sharing is preferred over a cash contribution.

F&A Costs. F&A costs can be used to meet a cost sharing requirement in two circumstances. First, for those cost-shared direct costs that have associated F&A costs, the F&A is included in the University's overall cost sharing commitment. Second, some sponsored project proposals use an F&A rate that is lower than the University's federally-negotiated F&A rate for that activity. The difference between the diminished actual F&A recovery and the recovery that would have occurred using the negotiated rate, may be used to meet a cost sharing requirement, with the prior approval of the sponsor and concurrence of the Vice Chancellor for Research.

Direct Costs Funded by a Third-Party Cash Contribution. Funds from subrecipients (i.e., KU is the prime recipient), corporate partners, or from other organizations may be used to pay direct costs on a sponsored project. The third-party cash contributions are held in an account, which then becomes the funding source for project expenses. All of the associated financial transactions are well represented in the University's accounting systems, making this a relatively easy method to track and document. Funds from KU Endowment are considered third-party contributions.

Third-party In-Kind Contributions. Instead of cash, the third-party provides in-kind contributions of goods or services. The goods or services must specifically identifiable and directly benefit the sponsored project for which they are contributed. The third-party must provide documentation to support the value of an in-kind contribution. As the prime recipient, the University has the final responsibility for validating these in-kind contributions and reporting them to the sponsor.

Guidelines for Specific Types of Cost Shared Expenses

Any cost that is used as cost sharing must be an allowable and allocable expense on the project. If there are costs that the sponsor does not allow as a direct charge, these expenses cannot be used as cost share.

Payroll Costs:

The University-funded salaries of faculty and other employees *directly engaged* in the project (with commensurate committed effort), together with the related employee fringe benefit costs, constitute the most common and appropriate in-kind contribution to sponsored projects.

In cases where the sponsor requires a specific effort amount, but limits the salary amount that can be requested from the sponsor (e.g. NIH Career Award K awards) the salary in excess of the programmatic limitation must be treated as voluntary committed cost sharing.

Situations when payroll costs cannot be used as cost share:

- Salaries and fringe benefits of faculty and other employees who are not actually working on the project
- Salaries and fringe benefits of administrative and clerical employees whose costs are included in the University's F&A rate calculation
- Unpaid summer months for faculty and staff with nine-month appointments
- The cost of faculty or staff effort above any sponsor-imposed salary cap (e.g., the NIH salary cap)

Non-payroll costs:

Equipment. Mandatory cost sharing with a Federal agency for purchase of capital equipment is fairly common (e.g., NSF Major Research Instrumentation Program). The portion of the purchase price provided by the University can be counted as cost share to meet such a requirement.

In contrast, the use of equipment that is already owned by the University cannot be offered to meet cost sharing commitments on a sponsored project. In the proposal, the Principal Investigator should describe the availability of existing equipment in Facilities and Resources section of the narrative. The equipment should not be mentioned in the budget or budget justification.

Travel expenses. Travel expenses paid from University funds can be offered as a cost sharing contribution only when there is a direct benefit to the project from the travel that was taken. The value of all cost-shared travel expenses must be consistent with KU's travel reimbursement rates and limitations.

Space. Space in University buildings cannot be offered as cost sharing because the associated costs are reimbursed through the F&A cost rate. The costs of constructing or renovating University buildings cannot be offered as cost sharing except on construction or renovation grants, when permitted by the sponsor. Investigators should not commit the use of facilities as cost sharing. Instead, these should be described in the Facilities and Resources section of the narrative.

Tuition. Tuition is the amount charged by the University for the cost of instruction. If tuition is not allowable as a direct charge on a project, it may not be offered to meet a cost sharing

requirement. Tuition is typically an allowable cost on training grants (e.g., NIH T-32) and may be counted as cost sharing on such an award.

F&A on cost-shared direct costs. When allowable direct costs are cost-shared on a project, the associated F&A costs are also cost-shared. Principal Investigators should take advantage of this and include the associated F&A in the cost sharing commitment.

The exception is for direct costs for which F&A costs are not allowed. These are items excluded from modified total direct costs (MTDC) such as capital equipment, rent for non-University owned space, and participant support costs.

Unrecovered F&A costs due to waived or reduced F&A rate. Principal Investigators are not authorized to offer to waive F&A costs or to lower the F&A rate to satisfy a cost sharing requirement. In some cases, the University may accept a lower or zero F&A rate because of sponsor-imposed restrictions on all applicants. For example, some foundations have policies that limit F&A reimbursement on projects they fund. In such cases, the Principal Investigator may, with prior approval of both the sponsor and the Vice Chancellor for Research, include the unrecovered portion of F&A costs to meet a sharing requirement.

Third-party costs

Subrecipient cost sharing. A potential subrecipient institution (i.e., KU is the prime recipient) can make a cost sharing commitment in a proposal budget to help meet a sponsor's mandatory cost sharing requirement. Subrecipients are expected to provide cost sharing contributions at a level commensurate with that offered by the University. Each subrecipient institution must fulfill, track, and document its cost sharing contributions to the project in accordance with its institutional policies subject to the terms and conditions of the sponsor's award. KU is ultimately responsible for fulfilling any cost sharing commitments on awards for which it is the prime recipient. The University requires subrecipients to report on such cost sharing obligations. If the subrecipient is unable to provide documentation to support cost share commitments, and they are deemed unreportable to the sponsor, the responsibility to cover the cost-shared amounts falls to the Principal Investigator's school/college/institute/center.

Other third-party cost sharing. Third parties, who are not subrecipients, may make cost sharing contributions on behalf of the University. There are seven categories of third-party cost sharing contributions:

- Volunteer services
- Effort other organization employees
- Loaned equipment
- Donated equipment
- Donated supplies
- Donated space
- Donated land or buildings

For each contribution, the University must determine the value in accordance with cost principles at 2 CFR Part 200, Subpart D. Investigators should contact their dean's or director's office that will work with KU Research to determine the value of cost sharing contributions.

Because of the difficulty in confirming the fair market value of donated equipment, space, land, and buildings, investigators are discouraged from seeking such third-party contributions.

Volunteer services. Volunteer services provided by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing, if the service is an integral and necessary part of the sponsored project.

Rates for volunteer services must be consistent with those paid for similar work at the University. In those instances, in which the required skills are not found at the University, rates must be consistent with those paid for similar work in the labor market in which the University competes for the kind of services involved. If there is any question about the rate of pay, the valuation shall be set at a very conservative rate. Paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

Employees of other organizations. When an employer other than the University furnishes the services of an employee, these services must be valued at the employer's regular rate of pay (plus an amount of fringe benefits that is reasonable, allowable, and allocable, and F&A costs at either the third-party organization's approved Federally-negotiated F&A rate, or a rate in accordance with 2 CFR §200.414(d), provided these services are in the same skill set for which the employee is normally paid).

Loaned equipment. Equipment that is loaned to the University by a third party may be offered to meet a cost sharing requirement. If the purpose of the sponsored project is to support activities that use the equipment, normally only the use charges for the equipment may be claimed as cost sharing. However, the fair rental value may be claimed with the specific permission of the sponsor.

Donated supplies. Supplies donated by a third party may be offered to meet a cost sharing requirement. Supplies may include items such as expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. The value assigned to the supplies must be reasonable and must not exceed the fair market value of the supplies at the time of their use in the project.

Donated equipment. Equipment that is donated to the University by a third party may be offered to meet a cost sharing commitment. If the purpose of the award is to support activities that require use of the equipment, normally only depreciation or use charges for the equipment may be claimed as cost sharing. However, the fair market value of the equipment, at the time it is donated, may be claimed with prior approval of the sponsor. KU Research will assist the investigator in obtaining that approval.

Depreciation is calculated on the basis of the useful life of the equipment. For example, if the fair market value of a piece of equipment is \$50,000 and the item has a useful life of ten years, the University may claim \$5,000 per year as cost sharing.

Donated space. Space that is donated by a third party may be offered to meet a cost sharing commitment. The value of the donated space shall not exceed the fair rental value of comparable space and facilities in a privately-owned building in the same locality.

Donated land and buildings. In rare circumstances, buildings and land that are donated to the University by a third party may be offered to meet a cost sharing commitment. In such a case:

- The value of the item is the lesser of (a) the certified value of the remaining life of the property recorded in the University's accounting records at the time the donation was made or (b) the current fair market value – although a sponsor may, at its discretion, accept the current fair market value even if it exceeds the certified value of the property's remaining life.
- Fair market value must be determined by a qualified independent appraiser and certified by a responsible University official.
- If title passes to the University and the purpose of the award is to assist the University in acquiring the land or building, the aggregate value of the buildings and land may be claimed as cost sharing.
- If title passes to the University and the purpose of the award is to support activities that require the use of the building or land, normally only depreciation or use charges for the space may be claimed as cost sharing. However, the fair market value may be claimed with permission of the sponsor

Examples of Costs that are Not Acceptable to meet Cost Sharing Requirements

- Any cost item that is not allowable, allocable, or reasonable for the proper and efficient accomplishment of the project objectives
- Salaries and fringe benefits of employees who do not have effort committed on the project
- Costs that are included and reimbursed to the University through the F&A rate (e.g., administrative and clerical salaries, office supplies, library expenses, operations and maintenance costs)
- Salary dollars above regulatory caps (e.g., NIH salary cap)
- Costs already pledged as cost sharing for another sponsored project
- Costs funded by other sponsored projects, except when specifically allowed by Federal law or non-federal sponsor.

Sources of Funding for Cost-Shared Expenses

For each cost-shared project expense (e.g., a portion of an individual's salary and benefits), the Principal Investigator must identify a funding source (cost center) that covers the cost of that expense. Generally, funding sources include institutional support (in-kind and/or cash) or third party cash contributions. However, approval is required from the University official who controls a funding source.

All sources of funds offered for mandatory and voluntary committed cost sharing must be reviewed and approved by the Vice Chancellor for Research.

Documentation

It is imperative that all documentation of cost sharing clearly describes how those items and resources pledged are both necessary and reasonable for the proper and efficient accomplishment of the project aims. All cost sharing commitments, and plans for meeting those commitments, should be captured at the time of award set-up. Academic units working with the Shared Service Center must engage in regular, periodic reviews of cost sharing expenditures in relation to cost sharing commitments.

All cost sharing must be thoroughly documented and verifiable from official University records. Like all project-related documentation, it must be retained for **five** years (or per specific terms and conditions of the award) following submission of the final financial report or completion of audit, whichever occurs first.

Cost Sharing and the Project Period

In accordance with cost principles at 2 CFR Part 200, Subpart E, a cost-shared item must be allocated to the project as a direct cost during the performance period of the award. Any cost sharing expenses incurred after the project period may not be used to fulfill the obligation. However, if pre-award spending has been authorized, a cost sharing contribution made during the pre-award spending period does count toward fulfillment of the cost sharing commitment.

Cost Sharing Process

There are four major steps in the cost sharing process.

Step 1: Determine cost sharing requirements and make the commitment. The Principal Investigator, working with his/her Pre-Award contact, develops a budget that meets the sponsor's cost sharing requirements. The proposed commitment is reviewed and approved by the relevant dean or director and/or the Vice Chancellor for Research. The proposal is submitted for funding.

Step 2 Record the obligation. This involves receiving the notice of award, confirming the terms and conditions of the award, and documenting the cost sharing commitment.

Cost sharing will be recorded in the financial system under fund 950 (in-kind/third party commitments), fund 918 (KUCR-held cash commitments), and/or fund 928 (KUCR-held cash commitments from the academic unit). While funds may be held in different cost centers, they have been committed to the sponsored project and must be monitored and managed just like funds provided by the sponsor.

These commitments will be reflected in budget summary issued at time of award; it is the Principal Investigator's responsibility to review the budget summary to ensure these commitments are documented as expected

Step 3: Track the obligation. This comprises comparing the cost sharing obligations with expenditures on the award and University or third-party expenditures.

The Principal Investigator is responsible for monitoring progress towards meeting cost share obligations with Shared Service Center (SSC) staff as part of routine financial monitoring of the sponsored project. This monitoring is very important to ensure cost share commitments are met, and can be included in the invoicing and reporting done by KU Research Post Award staff.

Step 4: Report on the obligation. This comprises sponsor-required reports that the cost sharing obligation has been met and maintaining records for audit purposes.

KU Research Post Award will work with SSC staff and perform period oversight monitoring to ensure commitments are being posted to meet invoicing and reporting requirements as stipulated in award documentation.

Project Changes and The Effect On Cost Sharing

Sponsored Project Budget Reductions:

Cost sharing commitments offered in a proposal assume the award will be fully funded by the sponsor. If the award is smaller than the proposed amount, one would think that the cost sharing commitment would be automatically reduced in proportion to the reduced award. Often this is not the case, and sponsors expect the full cost sharing commitment to be met. In the case of a reduced award, the Principal Investigator should contact KU Research Post Award for assistance in working with the sponsor to address this issue. This is particularly true if the reduced award amount is accompanied by a reduced scope of work.

If a decreased award results in the need to shift project costs to the University in order to accomplish project aims, any shifted costs over and above commitments originally made in the proposal are classified as voluntary uncommitted cost sharing.

Charging Personnel Costs to a Project Instead of Cost Sharing Effort:

Sometimes during the course of a project, an investigator may want to charge salary and fringe benefits to a sponsored project rather than cost sharing them as proposed. Often this can be permitted. However, the University must ensure that the project's overall cost sharing commitment is still fulfilled. Any reduction in payroll cost sharing must be offset by other project expenses that can be cost shared to meet the obligation.

To determine whether this approach is permitted, the Investigator should check the sponsor's policies regarding "prior approval" – and obtain prior approval if necessary. That request should be routed through the KU Research Post Award teams.

Cost Sharing Effort Instead of Charging Personnel Costs to a Project:

Sometimes during the course of a project, an investigator may want to charge *less* salary to a sponsored project than was originally proposed. The commitment of effort still stands, but must now be met partially through cost sharing. For example, an investigator commits 30% effort to a sponsored project and intends to charge that 30% to the award. If the award amount is reduced, the investigator may want to charge only 20% of salary to the award. The result is a 10% voluntary committed cost sharing, even though neither the proposal nor the award document indicated an explicit cost sharing commitment.

If the sponsor requires prior approval of change in effort commitment, investigators and key personnel named in the application and/or award must obtain sponsor prior approval by working with KU Research Post Award. Once sponsor approval is gained, the investigator must document the cost sharing commitment, indicate the funding source (cost center) from which the cost sharing commitment will be paid, receive approval from the dean or director, and communicate this approval to KU Research.

Changing a Cost Sharing Obligation:

Once an award has been made and the cost sharing obligation accepted by the sponsor, the commitment cannot be changed without prior approval from the sponsor. This is one significant difference between a cost sharing commitment and an effort commitment, which in some circumstances can be adjusted without sponsor approval. To request approval, the Principal Investigator should route all correspondence with the sponsor through KU Research Post Award.

Reducing a cost sharing commitment is different from changing the source of funds used to fulfill that commitment. If the commitment level stays the same, the source of funds can be changed without approval of the sponsor, unless the award terms and conditions stipulate differently. Approval from the appropriate University official who controls the funds that are being used must be provided to KU Research Post Award to ensure the cost share commitment is correctly reflected in the financial system for monitoring and reporting.

No-cost Extensions:

Sponsors expect that the original award terms and conditions apply throughout the award period, including any no-cost extension period. This includes both effort commitments and cost sharing commitments.

If an investigator plans to reduce effort during a no-cost extension and that effort is being provided by an in-kind cost sharing of salary and benefits, the investigator must ensure that the cost sharing commitment is fulfilled, when effort commitment is reduced. In such a case, the investigator must identify another project expense that can be borne by the University to meet the project's overall cost sharing commitment. Caution must be exercised if an in-kind cost sharing is to be replaced by cash.

¹ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl