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## 1. Policy Statement

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This policy outlines the University's process for budgeting, tracking, documenting, charging, and reporting committed cost sharing expenditures in compliance with sponsored programs requirements and federal regulations.

## 2. Reason for Policy

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The University receives funding from external sponsors in support of sponsored programs, awarded through grants and contracts. The University must ensure sponsors that sponsored programs with committed cost share are properly administered in accordance with sponsor requirements and federal regulations.

## 3. Who Should Read this Policy

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This policy applies to all schools, departments, and personnel of the University involved in administering sponsored programs with committed cost sharing. All parties involved must comply with sponsor regulations regarding the committing, charging, and reporting of cost sharing on those programs, as implemented by the University's policies and procedures.

## 4. Definitions

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**Sponsored Program Costs** are total allowable costs incurred under an award and all required cost sharing and voluntary committed cost sharing, including third-party contributions (See UG [200.83](#) for Federal awards).

**Cost Share** is the portion of sponsored program costs not paid by the sponsor. Resources dedicated to cost share may draw from contributions, donations, or proportional matching from the University and/or external Third Party ("In-Kind") entities. There are three types of cost share associated with sponsored programs:

1. **Mandatory Committed** cost share is required by the terms of the sponsored program, and must be included and budgeted for as part of the sponsored award. It is explicitly required by the notice of funding opportunity and must be included in the proposal for consideration by the sponsor.
2. **Voluntary Committed** cost share is not required by the terms of the sponsored program, but is included and budgeted for as part of the sponsored award. It is not expected by the sponsor in the proposal and cannot be considered as a factor of merit review by the sponsor unless criteria for consideration are explicitly described in the notice of funding opportunity.
3. **Voluntary Uncommitted** cost share is not required by the terms of the sponsored program, and is not included or budgeted for as part of the sponsored program. It is neither proposed nor expected by the sponsor but may occur during program administration.

**Facilities and Administrative (F&A) Costs** are costs incurred by the University in support of sponsored program activities but cannot be directly charged to a specific program. These costs, sometimes referred to as indirect or overhead costs, are recovered from sponsors through the application of the University's negotiated F&A costs rate.

**Over-the-Cap Costs** are costs incurred in excess of a limited maximum amount designated by sponsor guidelines or award terms and conditions (for example, the NIH Salary Cap).

## 5. Policy and Procedure

### 5.1 General Considerations

As a general rule, cost sharing should only be offered in a sponsored program proposal when it is *mandated* by the sponsor. *Voluntary* cost sharing is highly discouraged since cost sharing typically involves an expenditure of the University's own scarce resources, represents increased liability, and generates additional administrative burden related to award set-up, effort certification, financial reporting and compliance. When the University is required to cost share, efforts should be made to satisfy the requirement from external funding sources before committing internal University resources.

In order to avoid any misunderstanding among the parties involved, the cost sharing offer should be explicitly stated on the budget page of the proposal. All cost sharing offers included in the project proposals and budgets must be approved by the Department Chair/Dean/Director during the endorsement process.

### 5.2 Budgeting and Tracking Expenditures

In order to comply with sponsor requirements regarding the budgeting, tracking, and documentation of cost sharing expenditures under sponsored programs, the University will record cost sharing expenditures in separately identified general ledger accounts called "companion accounts" when necessary.

Companion accounts will require an accompanying cost share budget in the format of the standard University [budget template](#). The accompanying cost share budget must specifically identify the source of University funds (i.e., the general ledger account numbers) that will be used to satisfy the cost sharing commitment. Before an award is accepted, ORSP will review the cost sharing requirements set forth in the award document and confirm with the Principal Investigator that the cost sharing obligation can still be satisfied. If it cannot be satisfied, a new lower level of cost sharing may need to be negotiated and documented with the sponsor before project work begins.

The table below summarizes the University's procedure for collecting budgets with cost share detail and tracking expenditures via companion accounts, depending on the type of cost share involved:

Type of Cost Share		Proposal Budget Template w/ Cost Share detail	Award Budget Template w/ Cost Share detail	Tracking Method
1	<b>Mandatory Committed</b>	Required	Required	Companion Account
2	<b>Voluntary Committed</b>			
	Effort unpaid by sponsor (ex. State Lines)	Requested*	Required	Companion Account or Third Party Certified if applicable
	Supplies, Equipment, Other	Requested*	Required	Companion Account or Third Party Certified if applicable
	Over-the-Cap Salary, Tuition, and/or Health Benefits**	n/a	n/a	Departmental Tracking
3	<b>Voluntary Uncommitted</b>	n/a	n/a	n/a

\* = A detailed cost share budget is not required to be submitted to ORSP at the proposal stage, but cost share must be flagged on the Endorsement Form or in RAPSS. Departments may choose to require the budget template. If so, the cost share budget should be submitted to ORSP with the proposal packet for review and will result in expedited award set-up if an award is received.

\*\* = Detailed cost share budgets and associated companion accounts are not required for over-the-cap items listed above, unless funds are not recovered up to the maximum amount allowed by the sponsor.

**5.3 Charging Expenditures**

Most sponsor requirements mirror federal regulations regarding the charging of cost share. According to the Uniform Guidance [§ 200.306 Cost sharing or matching](#), where cost sharing is allowed, all contributions, including cash and third party in-kind contributions, shall be accepted as part of the recipient’s cost sharing or matching as long as such contributions meet all of the following criteria:

1. Are verifiable from the non-federal entity’s records;
2. Are not included as contributions for any other Federal award;
3. Are necessary and reasonable for accomplishment of project or program objectives;
4. Are allowable under the applicable cost principles;
5. Are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other federal programs;
6. Are provided for in the approved budget when required by the Federal awarding agency and;
7. Conform to other provisions of the Uniform Guidance as applicable.

In addition to meeting the above criteria, specific considerations should be made in regard to whether the following types of costs and expenditures are acceptable according to federal regulations and University policy:

Generally <i>allowable</i> as cost share:	Generally <i>unallowable</i> as cost share:
<ul style="list-style-type: none"> <li>• <b>Salaries &amp; Wages</b> support and the associated fringe benefits and F&amp;A costs related to the project, but not charged to the sponsor. These project costs may have been initially charged to instruction and departmental research accounts, separately budgeted University research accounts and/or other designated and restricted accounts. Please also see the Effort Certification &amp; Reporting Policy for personnel who are required to certify their effort in relation to cost share.</li> <li>• <b>Other Direct Costs</b> support provided from other direct costs and the associated F&amp;A costs related to the project, but not charged to the sponsor. These project costs may also have been initially charged to instruction and departmental research accounts, separately budgeted University research accounts and/or other designated and restricted accounts.</li> <li>• <b>Unrecovered F&amp;A Costs</b> resulting from a waiver of the F&amp;A costs that the University is otherwise entitled to recover from the sponsor. As a general rule, the University <u>does not</u> waive F&amp;A costs for cost sharing purposes. However, such a request may be considered under extraordinary and compelling circumstances wherein prior approval by the sponsor is granted for unrecovered F&amp;A costs.</li> </ul> <p><i>(continued on next page)</i></p>	<ul style="list-style-type: none"> <li>• <b>Equipment</b> costs funded by the University cannot be offered as cost sharing since a portion of that cost will be charged indirectly to the sponsor through the application of the University’s F&amp;A costs rate. Similarly, even if F&amp;A costs are waived under a cost sharing arrangement, the cost of University funded equipment cannot be offered as cost sharing since a portion of the cost of the equipment will be included in the amount of the F&amp;A costs waived.</li> <li>• <b>Administrative Expenses</b> such as Dean’s salaries, administrative and clerical salaries and wages, telephone services, office supplies, etc. cannot be offered as direct cost sharing on Federal and SNJ programs since a portion of those costs will be charged to the programs indirectly through the application of the University’s F&amp;A costs rate.</li> <li>• <b>For-Profit, Foundation and Association Sponsors</b> support in the form of cost-sharing should almost always be avoided with for-profit sponsors as the University could be construed as subsidizing them. Foundations and Associations should also be encouraged to pay for the full cost of the projects they choose to sponsor at the University.</li> </ul>

Generally <i>allowable</i> as cost share:	Generally <i>unallowable</i> as cost share:
<ul style="list-style-type: none"> <li>• <b>Other Sponsored Programs</b> support provided from related externally sponsored programs administered by the University. As a general rule, Federal funds received under one project cannot be used as cost sharing on another Federal project. Similarly, State of New Jersey (SNJ) funds received under one project cannot be used as cost sharing on another SNJ project. However, a combination involving a Federal program and a State program is generally acceptable to governmental sponsors, if prior approval from the sponsor is granted.</li> <li>• <b>External Partners</b> support provided, sometimes referred to as third party or in-kind cost sharing. Generally this takes the form of external partners donating the use of their facilities and/or employees for some project activity. External partners will need to document and report the value of their contributed services to the University in order for the University to report the cost sharing to the primary sponsor. The external partners should report the information to the University in the same format, cost categories and frequency that the University is required to report to the sponsor.</li> </ul>	

**5.4 Reporting Expenditures**

Grant and Contract Accounting (GCA) will report cost sharing expenditures on both interim and final reports/invoices according to sponsor requirements. Cost Sharing must be verifiable through recipient records and associated costs must be registered to the General Ledger companion account accordingly. GCA will adjust the reporting template if a specific format is designated by the sponsor. Any questions regarding the amount of cost sharing represented will be addressed with the Principal Investigator and Department Administrator, especially in the case that committed cost share differs significantly from the actual amount of cost share charged. GCA will investigate any cost sharing which has not been honored appropriately or is non-compliant with cost sharing commitments and remediate appropriately.

**6. Roles and Responsibilities**

**Principal Investigator (PI)** identifies the need to include appropriate cost sharing commitments on a sponsored program and confirms the availability of University resources.

**Department Administrator** assists the PI in budgeting for and tracking cost share in accordance with sponsor commitments and requirements.

**Department Chair/Director/Dean** reviews the proposed cost share offer and gives departmental approval depending on the availability of University resources.

**Office of Research and Sponsored Programs (ORSP)** provides expert advice and gives institutional approval for cost sharing per applicable sponsor requirements and University policies.

**Grant and Contract Accounting (GCA)** coordinates with ORSP to establish companion accounts and reports cost share expenditures per sponsor requirements.

The matrix below outlines the high-level roles and responsibilities involved for cost sharing:

Cost Sharing	Roles				
Responsibilities	Principal Investigator	Department Administrator	Dept Chair / Director / Dean	ORSP	GCA
Identifies the need for cost sharing in sponsored program	X				
Assists PI with cost sharing elements and any required budget detail to be included in the Rutgers proposal to the sponsor		X			
Ensures ORSP has all required cost share information and documentation for proposal submission		X			
Reviews cost sharing commitment during the endorsement process and grants approval depending on available University resources			X		
Submits cost share information with the proposal submission as required				X	
Reviews the cost sharing commitments set forth in the award document and confirms that the cost sharing obligation can still be satisfied				X	
Assists PI in providing ORSP with an award budget for cost share if required		X			
Establishes a companion account for cost share if required				X	X
Monitors cost sharing commitments in comparison to actual expenditure during the course of the award		X			
Reports cost sharing expenditures to the sponsor per requirements and follows up with the PI or Department Administrator if significant discrepancies exist between committed cost share and actual expenditures					X
Investigates any cost sharing which has not been honored appropriately or is non-compliant with cost sharing commitments and remediates appropriately					X

**7. Related Documents**

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Final Guidance (including [§ 200.306 Cost sharing or matching](#))
- Rutgers University [Effort Certification & Reporting Policy](#)
- Rutgers University [Prior Approval Guidance](#)

**8. Contacts**

- Office of Research & Sponsored Programs, (848) 932-0150, [sponpgms@orsp.rutgers.edu](mailto:sponpgms@orsp.rutgers.edu)
- Grant and Contract Accounting, (848) 932-0165, [dgca1@rci.rutgers.edu](mailto:dgca1@rci.rutgers.edu)