



University of Colorado Denver

Fiscal Policy

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| Title: | Cost Sharing, 4-8 |
| Source: | Office of Grants and Contracts |
| Prepared by: | Director of the Office of Grants and Contracts |
| Approved by: | Chancellor |
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| Applies: | All campuses |

A. Introduction

The purpose of this policy is to:

1. Provide guidance regarding allowable cost sharing including the kinds of services, expenditures or assets that may be used for cost sharing. Cost sharing is that portion (cost) of a sponsored project or program that is not supported by the sponsor.
2. Provide information to the University of Colorado Denver (UCD) regarding the financial and administrative impact that result from the commitment to cost share.
3. Establish procedures that give UCD the ability to provide information to sponsoring agencies, which demonstrates that the University has fulfilled any cost sharing commitments it has made as a condition of obtaining external sponsorship.
4. Provide a method to identify all costs required to calculate the facilities and administrative (indirect) cost rate.
5. Provide guidance on approvals that must be obtained when multiple departments are asked to commit cost share.

It shall be the responsibility of the principal investigator for the sponsored award and the originating department to ensure that all cost sharing is identified and documented according to this policy and the requirements of the award. The Anschutz Medical Campus Director of the Office of Grants and Contracts and the Downtown Campus Sponsored Program Accounting will be responsible for reporting to the sponsor as required. The Controller will be responsible for including cost sharing information in the facilities and administrative (indirect) cost proposal. This policy applies to all federal and non-federal sponsored programs and includes any commitment by UCD to support a sponsored project or program with UCD funds.

B. Table of Contents

- A. Introduction
- B. Table of Contents
- C. References
- D. Definitions
- E. Policy Statement

C. References

1. Office of Management and Budget (OMB) Circular A-21 “Cost Principles for Educational Institutions”.
2. OMB Circular A-110 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations” (particularly Subpart C, Section 23)
3. Cost Accounting Standards 501 and 505.

D. Definitions

1. Allocable costs means costs that can be assigned to a university program/project, in reasonable and realistic proportion to the benefit provided relatively easily with a high degree of accuracy.
2. Allowable costs are costs that are acceptable to be charged to a sponsored agreement. The allowability of costs incurred by institutions of higher education is determined in accordance with the provisions of OMB Circular A-21.
3. Auxiliary and Self-funded Activities Fund is the resource available from enterprise, auxiliary, and self-funded activities maintained by UCD.
4. Cost Sharing is that portion (cost) of a sponsored project or program that is not supported by the sponsor. Cost sharing consists of three types: mandatory, obligatory and voluntary (see separate definition for each type of cost sharing). Cost sharing is usually provided through contributed effort by principal investigators or their staff and paid from unrestricted fund, auxiliary and self-funded activity fund and/or gift programs/projects.
5. In-kind Contributions represent the value of non-cash contributions made by sources outside of UCD for a sponsored program/project. Examples of non-cash contributions include non-UCD employees working on a program/project, the use of donated equipment if specifically required by the sponsoring agency, or the use of donated supplies.
6. Mandatory Cost Sharing is cost sharing that is contractually required by the sponsoring agency. It is required by a sponsor as a condition of an award and usually refers to an overall percentage of total costs to be contributed. When cost sharing is required, and thus mandatory, it will be stated in the award notice. The most common example of mandatory cost sharing is the commitment of time and effort by UCD faculty or staff that is required by the sponsoring agency as a condition of getting the award.
7. Obligatory Cost Sharing is cost sharing that a UCD representative offers to perform as a part of the application/proposal although it is not required as a condition of the award.

This form of cost sharing is also known as committed cost sharing.

8. Voluntary Cost Sharing is cost sharing that is provided in excess of obligatory or mandatory cost sharing requirements. It is a commitment of time or other spending in support of a sponsored program over and above that required by the award or agreed to in order to obtain the award. Examples of voluntary cost sharing include (1) additional time spent on a program/project that is 5% or more above that which is budgeted or required by the award, (2) laboratory supplies or travel expenditures paid by a source other than the sponsored program/project, (3) cost overruns on a program/project.
9. Gift funds are cash or non-cash items bestowed voluntarily to UCD without any expectation of a tangible good or service being provided in return. Gift funds are recorded in financial system programs/projects.
10. Service Center is an organizational unit of UCD which provides a specific type of good or service to other UCD departments, may incidentally provide the service to individuals or the general public, and is primarily supported by fees charged to the user department's operating programs/projects. Such a goods or services might be purchased from commercial sources, but for reasons of convenience, cost, or control is often provided more effectively through a UCD Service Center.
11. Sponsored Projects are research, instructional, or public service activities that are related to the mission of UCD and sponsored by external agencies or entities. Facilities and administrative cost recovery is not a factor in determining whether funding is a sponsored project. Application/award issues that require administration by Grants and Contracts include any one of the following:
 - a. the award is a grant or contract from a governmental entity;
 - b. sponsor support is directed to satisfy specific, programmatic objectives that are to be accomplished within a specific time and budget framework;
 - c. the sponsor is entitled to receive some deliverable, such as a detailed technical report of research results or a report of expenditures;
 - d. there is a provision for audits by or on behalf of the sponsor;
 - e. the funding is for a project with compliance issues including, but not limited to:
 - (1) publication restrictions, patent, or licensing rights are requested by the grantor.
12. Unrestricted Fund is the term used to describe the resources available primarily from funds appropriated by the State of Colorado General Assembly. These resources include state general funds, student tuition and fees, facilities and administrative (indirect) cost recoveries, and patient revenues generated by the School of Dentistry Dental Clinics.
13. Waiver Approval Process is the process by which facilities and administrative (indirect) cost rates are approved when they are less than the Federal rate or are less than the rate that is normally paid by a private corporation or foundation.

E. Policy Statement

Cost sharing of direct expenditures represents a redirection of departmental or school resources from teaching and other departmental activities to expenditures in support of sponsored programs/projects. Providing resources for cost sharing is the responsibility of the Principal Investigator (PI) and his or her department. The department or departments committing funds must provide signature approval(s) of cost share commitment on the routing form at the time the proposal is submitted to OGC for review prior to submission to a sponsor. When the PI agrees to cost share it commits UCD to provide stated services or assets in the performance of the sponsored program/project. The effectiveness and expected benefits of each cost sharing agreement should be weighed considering the administrative requirements and responsibilities inherent for the PI, the department and central administrators. All responsibilities associated with this policy and procedures are to comply with OMB Circular A-110.

Cost sharing is not normally appropriate on programs/projects supported by “for-profit” entities. It is also not normally allowable from other sponsored programs/projects. Cost sharing may be funded by Unrestricted General Fund programs, Auxiliary and Self-Funded Activity Fund programs, or Gift Fund programs.

Mandatory and obligatory (committed) cost sharing must be provided at the required amounts and appropriately tracked through our processes (See Exhibit A and B for each location’s process). Voluntary cost sharing in excess of obligatory or mandatory cost sharing requirements, if equal to 5% or more of a person’s effort, needs to be reported on the Personnel Effort Report (PER) as time spent on the program/project.

UCD is required to include all mandatory and obligatory (committed) cost sharing of direct costs on sponsored programs/projects in the Organized Research base when calculating the facilities and administrative (indirect) cost rate. The facilities and administrative (F & A) costs associated with this cost sharing do not need to be identified since these costs are not included in the rate calculation. (Reference OMB Circular A-110)

Tracking, reporting and certifying of cost sharing is subject to audit by internal and external auditors, federal agencies and the sponsoring agency itself. Any penalty, disallowance or loss of funding caused by not reporting or documenting existing cost sharing will be assessed against the department in violation of the policy. A table, “Summary of UCD Cost Share Policy” (Exhibit A), may be used by departments as a cost share reference guide.

Requirements for Cost Sharing

If a cost sharing commitment exists, the expenses used for this purpose must be:

1. Verifiable from UCD records, e.g. Personnel Effort Reports, financial system program/project reports, etc.
2. Used as cost sharing for only one sponsored program/project
3. Allowable and allocable to sponsored programs/projects
4. Necessary and directly related to the program/project objectives
5. Provided for in the approved budget when required by the awarding agency
6. Not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing

7. Incurred during the applicable award period of the grant or contract
8. Recorded in a separate program/project if there is a specific mandatory dollar amount of cost sharing or non-payroll obligatory cost sharing.
9. Recorded in a separate program/project if there is a cost overrun of \$50,000 or more of non-faculty/professional salary/benefit expense or cost overrun of non-personnel expense.

Examples of Expenditures That May Not Be Used For Cost Sharing

Expenditures that cannot be used for cost sharing include the following:

1. Expenditures that are normally charged as indirect, such as administrative salaries or office supplies.
2. Unallowable costs such as alcoholic beverages, entertainment, or any costs disallowed by the sponsor.
3. Equipment unless required by the sponsor. Cost sharing with equipment requires each piece of equipment to be tracked separately to be sure that its depreciation is not included in the calculation of the facilities and administrative (indirect cost) rate. This type of transaction is difficult to monitor.
4. Service Center expenses cannot be used for cost sharing on a specific award.

Examples of Expenditures That May Be Used for Cost Sharing

1. Faculty, staff or student salaries and related fringe benefits (except as prohibited by III.H.)
2. Laboratory supplies
3. Travel
4. Waivers of Facilities and Administrative Costs - With the appropriate approvals, waivers or reductions of the facilities and administrative (indirect) cost rate may be used as cost sharing. These waivers or reductions must have prior approval of the awarding agency and must be formally requested and processed through the UCD waiver approval process if the rate is different than the normal rate. (See UCD fiscal policy "Facilities and Administrative Costs and Distribution of Recovery", Chapter 4, Policy 4.)