

## Emory University Cost Sharing Guidance

### General Operating Principles

The maintenance and growth of the research enterprise at Emory requires efficient and effective stewardship of the University's resources. One component of this stewardship is the reimbursement of research costs by sponsors to the fullest extent possible. Cost sharing not only commits discretionary funds to a specific project, but it also results in a loss of indirect costs which are essential to support the facilities and administrative infrastructure necessary to support research activities. Therefore, cost sharing should generally be included in a proposal only when it is required by the sponsor and/or the perceived benefit of the proposed project is of sufficient strategic importance to warrant the commitment of institutional funds.

The ultimate decision to provide cost-sharing rests with the unit or official providing those funds. This document is intended to provide guidance in evaluating requests and reaching a decision as well as managing the cost sharing after a grant award is received.

### Cost sharing includes:

- mandatory cost sharing
- voluntary committed cost sharing
- voluntary uncommitted cost sharing
- unrecovered indirect costs

**Mandatory Cost Sharing** is a requirement documented in writing from the sponsor for cost sharing required by the funding agency in order to be eligible for the grant program. This must be tracked throughout the life of the grant. Salary above the NIH designated cap is a form of mandatory cost sharing which is captured through the University's effort reporting system. Salary caps should only be used when mandated by the sponsoring organization.

**Voluntary Cost Sharing** is not required, but offered in hopes of demonstrating the University's dedication to the program.

- **Voluntary Committed Cost Sharing** is cost sharing that is specifically outlined in the proposal budget. This becomes a binding (mandatory) commitment to the sponsor and part of the terms and conditions if the project is funded. This must be tracked throughout the life of the grant. Unrecovered academic year salary is a form of Voluntary Committed Cost Sharing.
- **Voluntary Uncommitted Cost Sharing** may be provided after a grant is awarded and is not specified in the proposal. In this case, there is no obligation or binding agreement with the agency that requires any or all of these funds. These contributions are not auditable under the award.

**Unrecovered Indirect Costs** represent a category of committed cost sharing which may be mandatory or voluntary. As with other forms of committed cost sharing, this must be tracked.

### **Cost Sharing vs Institutional Support**

The terms “cost sharing” and “institutional support” are commonly used interchangeably even though their meanings are very different. Cost sharing as applied in a grant application is generally a documented, auditable commitment of funds to a specific project. Institutional support, on the other hand, is a description of the multiple ways in which the institution provides resources and infrastructure which make the proposed work feasible. Institutional support can be a very powerful tool in providing the desired “commitment” of the University to an investigator’s research plans without a formal cost sharing obligation. Institutional support may include the description of items such as a) specialized core facilities (e.g., microscopy, imaging, nanotechnology), b) laboratory space, c) clinical resources, d) library resources, etc.

### **Federal Agency Perspective - National Science Board & the National Science Foundation**

The federal government has periodically received complaints from the research community regarding its expectations and unwritten “requirement” for cost sharing. In response to these concerns, the National Science Board (NSB) issued a report in August of 2009 entitled, “**Investing in the Future: NSF Cost Sharing Policies for a Robust Federal Research Enterprise.**” The NSB is composed of 25 Presidentially appointed members and establishes the policies of the National Science Foundation. Recommendations included the following:

- *Mandatory cost sharing should be applied to only a small fraction of NSF programs, and all mandatory cost sharing requirements must be subject to approval by the NSF Director.*
- *NSF should enhance its training of program officers to avoid unintended implicit or explicit requests for voluntary committed cost sharing during the budget negotiation process.*
- *NSF should prohibit voluntary committed cost sharing in all components of both solicited and unsolicited proposals. This will eliminate tracking and reporting requirements imposed on institutions.*
- *NSF should clearly and regularly communicate this new policy to program officers, external reviewers, and the proposer community.*

In response to these recommendations, the National Science Foundation revised its Grant Proposal Guide in January 2011 to include the following statements:

- *NSF Program Officers may not impose or encourage cost sharing unless such requirements are explicitly included in the program solicitation.*
- *Inclusion of voluntary committed cost sharing is prohibited in the proposal budget.*
- *Mandatory cost sharing will only be required when explicitly authorized by the NSF Director, the National Science Board, or legislation. In those rare instances, cost sharing requirements will be clearly identified in the solicitation and must be included in the proposed budget. Such cost sharing will be an eligibility, rather than a review criterion. Proposers are advised not to exceed the mandatory cost sharing level.*
- *When mandatory cost sharing is included and accepted by NSF, the commitment of funds becomes legally binding and is subject to audit.*

### **Requests for Cost Sharing**

Faculty should not assume cost sharing, either mandatory or voluntary, will be provided for a proposal at the time of routing. Those wishing to obtain a cost sharing commitment are encouraged to begin the process prior to or at the same time as proposal development. It is recommended that you initiate your request with your division/department/center. It is unlikely that the Dean, Provost, or other institutional executive will approve cost sharing without the endorsement of such individuals. It should also be anticipated that any department/center or school recommending cost sharing may be expected to participate in contributing to these costs.

The University or its units are not responsible for honoring cost sharing commitments which may be contained within a grant if the PI does not specifically seek and obtain specific approval for the cost share commitment prior to submission of the grant application. Failure to seek and obtain prior approval of a cost share commitment may result in the withdrawal of the application or the return of an award.

### **Acceptability and Tracking of Cost Sharing**

If Emory commits cost sharing in a sponsored research project, the expenditure of those funds must meet the same acceptability criteria as those used for the expenditure of funds provided by the sponsor. In addition, the funds must be tracked either through the establishment of a separate cost sharing account or, for salary cost sharing, through the effort reporting system. Cost sharing must meet all of the following criteria:

- The cost sharing must be verifiable and auditable within the University's accounting system.
- The cost sharing must not be included as contributions for any other program.
- The cost sharing is necessary and reasonable to accomplish project or program objectives.
- The cost sharing must meet the same allowability criteria as items charged directly to the sponsored project.
- Waived indirect costs may only be included as cost sharing with prior approval from the sponsor.
- For federally sponsored projects, the cost sharing must be funded from non-federal sources, unless authorized by federal statute.
- Costs assigned to the cost sharing commitment must be incurred during the term of the agreement.

### **Reductions in Cost Sharing Commitments**

Cost sharing (mandatory or voluntary) commitments are usually made at the time of application. If the grant award is less than the amount proposed, investigators and their units cannot assume that the sponsor considers the cost sharing commitment to be automatically reduced in the same proportion as the proposal to grant reduction. Such reductions must be documented in writing and include the approval of the authorized grants management officer of the sponsoring agency.

If a unit believes that it will not be able to meet a cost sharing commitment, it is essential to contact the sponsor immediately to determine the possibility of reducing the commitment. Any possible flexibility in the commitment generally diminishes over the life of the project; it is highly unlikely that a reduction in cost sharing will be approved after the project has ended. In cases where a reduction in cost sharing is approved, it is often the case that the sponsor will reduce the award proportionately.

All reductions in committed cost sharing (voluntary or mandatory) must be documented in writing from the authorized grants management personnel at the sponsoring agency. A copy of the request and approval must be provided to the Office of Sponsored Programs or the Office of Grant and Contract Accounting. Questions regarding who at the sponsoring agency can authorize such a change should be referred to the Office of Sponsored Programs or the Office of Grant and Contract Accounting.