

Sponsored Projects - Cost Sharing Policies & Procedures

Table of Contents

I. Policy Section

SP-CSH-PL-01--Cost Sharing

II. Procedure Section

SP-CSH-PR-01--Cost Sharing

I. Policy Section

SP-CSH-PL-01--Cost Sharing

The University's goal is to ensure that cost sharing is proposed, accounted for and reported consistently with guidelines established in the Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200.306 & Subpart E - Cost Principles. The Federal government defines cost sharing as the portion of project costs not borne by the sponsor. Cost sharing commitments represent an implied or explicit agreement on the part of the University to ensure that non-sponsored resources are contributed to a project.

Guidelines for cost sharing as defined in OMB Uniform Guidance 2 CFR 200.306 are fully incorporated into the University policy. To review 2 CFR 200.306 <http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1>. According to OMB Uniform Guidance, expenditures must satisfy the following criteria to be considered as cost sharing:

- a. Be verifiable from official University accounting records
- b. Not be used as cost sharing for any other sponsored program
- c. Be necessary and reasonable for proper and efficient accomplishment of project objectives
- d. Be allowable under the applicable cost principles, OMB Uniform Guidance 2 CFR 200 Subpart E
- e. Not paid by the federal government under another agreement
- f. Be incurred during the effective dates of the grant or contract
- g. Are provided for in the approved budget when required by the federal awarding agency
- h. Unrecovered indirect cost, including indirect cost on cost sharing maybe included as cost sharing with prior approval

University contributions may be funded internally or from a third party and consist of cash or in-kind contributions. In-kind contributions from a third party must be documented at the fair market value.

Types of cost sharing are defined as follows:

1. **Mandated Cost Sharing** - Cost sharing required by the granting agency and specifically pledged in the proposal's budget or award
2. **Voluntary Committed Cost Sharing** - Cost sharing offered by the grantee and specifically pledged in the proposal's budget or award - Under Federal research proposals, Voluntary Committed cost share is not expected. It cannot be used as a factor during the merit review of applications or proposals
3. **Voluntary Uncommitted Cost Sharing** - Defined as university faculty Effort, including senior researchers, that exceed Effort committed and budgeted in a sponsored agreement. This is considered faculty donated additional time. (does not need to be tracked separately)

To satisfy the requirements of OMB Uniform Guidance 2 CFR 200 Subpart E, Cost Principles, voluntary committed and mandated cost sharing must be properly documented for cost accounting purposes. Further stipulates that faculty must properly document compensated effort for projects funded by the Federal government and private agencies/corporations in order for those costs to be properly allocated by salary and associated Facilities and Administrative costs.

In some instances, cost sharing is passed through to a sub-recipient, and it's the responsibility of the department to track cost sharing when approving the sub-recipient's invoices.

II. Procedure Section

SP-CSH-PR-01--Cost Sharing

The University has two methods of accounting for cost sharing:

1. **Recorded in the Effort Reporting System (ERS)** - In this scenario, the department is paying an individual directly on a non-sponsored cost object, but their effort is related to work on a sponsored project. In compliance with OMB Uniform Guidance 2 CFR 200.430 (h) (8)(4), salaries and wages of employees used in meeting cost sharing requirements on federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from federal awards. The University prepares an after-the-fact personnel activity report. When the percentage of effort for the sponsored project is greater than the percentage of compensation, cost sharing is recorded directly on the Effort form. Any cost sharing related to a salary limitation that restricts the amount of direct salary an employee can be paid by the granting agency is also recorded using this method. An example would be the NIH Salary cap.
2. **Charged Directly to a Sponsored Internal Order**

Mandated & Committed Cost Sharing: When a sponsored award specifically requires cost sharing, internal award documentation workflowed to Sponsored Projects Shared Services (SPSS) should identify the source of University funds that will be used to satisfy the cost sharing commitment. SPSS will update the grant master data to reflect cost sharing. The cost sharing indicator field on the Reference tab, SAP-R/3 display GMGRANTD, will be marked with a check. A sponsored internal order/sponsored program will be established to identify and document cost sharing expenditures. The sponsored program will be established with a non-sponsored funding source, as identified with the award documentation, and the master data will reflect cost sharing on the Additional Data tab in the Sponsored Program. All cost sharing internal orders begin with a 98 numbering convention. The cost sharing internal order/sponsored program will be used exclusively to identify and document how cost sharing obligations are being met. Only salary charges to meet mandated or committed cost sharing should be charged to the 98xxxxxx IO. Any voluntary uncommitted salary cost sharing should be charged to a non-sponsored account. Documentation of third party in-kind contributions is to be maintained by the Department and will not be documented in SAP.

NSF Proposal & Award Policies & Procedures Manual Chapter II.C, Cost Sharing, now requires that awards with any mandatory cost sharing must document such cost sharing (on an annual and final basis), the Authorized Organizational Representative must certify that the amount is correct, and the cost sharing must be reported to NSF via use of NSF's electronic systems.

Cost Overruns: If all expenses charged are allowable and allocable to the project and the project is overspent, they should remain on the grant and a cost overrun will be processed.

When a cost overrun is identified, a cost sharing internal order and sponsored program will be created using a non-sponsored funding source. Cost sharing internal orders and sponsored programs are easily identified

because the numbering convention begins with 98. Sponsored class 690000 will be added to the dimensions tab of the grant affected using GMGRANT to allow postings. SPSS will process a cost transfer using the secondary cost element 960900, Cost Overrun. This process allows the expenses to remain on the grant while being paid from an internal funding source.

Additional Resources:

Effort Reporting System login: <https://ers.jhu.edu>

For additional assistance with ERS or for general effort reporting questions, you should contact the ERS Help Desk at 443-997-3806 or email effort@jhu.edu.

OMB Uniform Guidance 2 CFR 200.306 Cost Sharing Criteria
<http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1>