

# Guidelines for Cost Share on Sponsored Projects

## Companion to Division of Research and Innovation Policy 24-003

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These guidelines provide additional detail on responsibilities and processes for cost sharing on sponsored projects. Definitions are restated from the policy for ease of use.

### Definitions

- **Cost Share** - That portion of a project or program cost that is not reimbursed by the sponsor but is part of the costs of that project or program. Cost sharing represents a commitment by OSU or a third party and may be in the form of dollars, commitment of effort (which is considered a cash contribution), or in-kind contribution.
- **Mandatory Cost Share** - Project costs that are not paid by the sponsor and are required as a condition of the award. For federal awards, requirements should be stipulated in the Funding Opportunity Announcement. Mandatory Cost Sharing must be tracked and reported.
- **Voluntary Committed Cost Share** - Costs specifically included in the proposal on a voluntary basis – not required by the sponsor - and included in the award budget. Voluntary Committed Cost Sharing must be tracked and reported.
- **Voluntary Uncommitted Cost Share** - Costs not required by the sponsor or included in the award budget. Cost sharing that is not included as part of the submitted proposal or subsequent award is considered voluntary uncommitted cost sharing and is not covered by this policy.
- **In-Kind Cost Sharing** – Contributions with a value that can be determined, but where no actual cash transaction takes place to secure the goods or services. Examples include donation of volunteer time and donation of non-institution space for the activity where there normally would be a charge to use the space.
- **Third Party Cost Sharing** – Project costs that are provided by an outside party.
- **Effort Reporting** – The mechanism used to verify an employee’s allocation of time in order to provide documentation and assurance to federal and other external sponsors that salaries charged or cost-shared to sponsored awards are reasonable in relation to the work performed.

### Procedures

Cost sharing should be limited **only** to those situations where it is mandated by a sponsor or where a PI has determined that such a contribution is necessary to ensure the success of a proposal that is not supported by federal funds. Costs used to satisfy cost sharing commitments are subject to the same policies as other costs under the approved budget. In addition, an expense used as cost sharing may only be used once, i.e., a cost on a gift fund designated as a cost sharing item cannot also be used as cost sharing on another award. Effective December 26, 2014, voluntary cost sharing is not expected on federal and federal pass-through proposals. Any mandatory cost sharing requirements should be stipulated in the Funding Opportunity Announcement.

## Guidelines for Cost Share on Sponsored Projects

### Typical Categories of Cost Sharing

Cost Share Category	Restrictions	How Tracked by University
Effort of Principal Investigator and/or employees devoted to sponsored agreements, including employee benefit costs.	All activities including cost share may not exceed 100% total effort. Activities include instruction, research, dept. admin., public service and other university commitments.	Charged to cost sharing index specifically established for project. Must be certified as described in OSU's Effort Reporting policy.
Equipment purchased for use by the project.	Equipment must be <b>titled to OSU</b> and must be purchased between the start and end dates.	Charged to cost sharing index specifically established for project.
Supplies and services purchased for use by the project.	Must be purchased between the start and end dates.	Charged to cost sharing index specifically established for project.
Travel when related to project.	Must be completed between the start and end dates.	Charged to cost sharing index specifically established for project.
Indirect costs on cost share salaries, benefits, supplies and services.	Only if proposed, and allowed by sponsor.	Calculated and reported by accountant in OSRAA.
Volunteer services.	Hours and value must be documented.	Documented and certified by PI. Form available at this link:
Subrecipient's portion of cost sharing.	Same type of costs as allowed by OSU.	Reported with subrecipient's invoices.
Unrecovered indirect cost - the difference between what the sponsor allows and what OSU is authorized to charge.	Sponsor must allow using this as cost sharing (verify with OSRAA Grant Accountant)	Calculated and reported by Grant Accountant in OSRAA.
Fee Remissions for Graduate Assistantships when sponsor will not allow as direct cost against project.	Sponsor must state in written policy that these charges <u>will not</u> be paid.	GTA / GRA salary set up using account code 10622 or 10632. Fee remissions are charged to department's CSxxxS index by Payroll; OSRAA Grant Accountant reports amount specific to grant.

### Expenditures recorded as cost share must be:

- necessary and reasonable for the project's objectives,
- incurred during the effective dates of the award,
- verifiable, either within OSU's accounting system or properly documented, if provided by sources outside OSU, and
- allowable under terms and conditions of the award and guidelines of the funding agency

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### **Expenditure categories that MAY NOT be used for cost share include:**

- use charges for equipment, computers, or networks that already exist,
- use charges for land or buildings owned by OSU,
- salaries and fringe benefits of administrative/clerical personnel (unless these costs have been approved in the proposal process as cost share and would be allowed as a direct project expense),
- funds received from a federal source (unless the federal agency agrees to cost share with another federal sponsor), and
- expenditures that have previously been reported as cost share

### **Mandatory Cost Share**

When an award is received that has cost sharing indicated (either in the award itself, or in the proposal, which becomes a part of the award), OSRAA will set up the appropriate cost sharing fund(s), and notify the PI and the Business Center.

All cost sharing expenses for the project will be recorded in the unrestricted cost share fund. The Business Center accountant will complete Labor Distribution forms as needed to reflect appropriate salary. Equipment purchases, travel or other cost share expenses will be charged directly to the cost share fund. As each expenditure is posted to the cost share fund, a corresponding transaction will be automatically posted moving funds required to cover this expenditure from the unrestricted fund budget that has been designated for cost share recovery.

If mandatory cost share is not met, the award will be reduced in proportion to the amount of cost share not met. The proportional amount of cost share not met will be charged to the department as a cost overrun. The same amount will be returned to the sponsor.

### **Non-Mandatory Cost Share**

The Business Center will notify OSRAA to set up a cost share fund/index when needed for non-mandatory cost share, if not indicated in the proposal.

### **Grant Specific Cost Share Documentation**

When an award requires cost sharing, documentation will be posted in Banner FIS through use of an unrestricted fund, which will be set up for each award which requires cost sharing. The grant roll-up and index will identify the cost sharing with the sponsored grant and fund in the following example:

Sponsored Grant:	ED0030	Cost Share Grant:	ED003S (for share)
Sponsored Fund:	ED003A	Cost Share Fund:	005005
Sponsored Index:	ED003A	Cost Share Index:	ED003S

A matrix has been established which identifies a single “general fund” index for each department or organization as the most likely to cover the costs for cost sharing. Cost share methods have been established through a Banner FIS table which links the cost share fund to that organizational general fund index. As each charge is posted to the cost share index, Banner FIS automatically makes a corresponding transfer to credit the cost share index and debit the general fund index for the expenditure. These transfers appear as account 9xxx entries. The result is that the cost share index always maintains a “zero” bottom line, and year-end adjustments are unnecessary.

Cost share budget information is entered into Banner and can be accessed via Data Warehouse – Cost Share Reports.

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### **General GRA/GTA Fee Remissions**

When graduate research assistants' salaries may not be charged directly to the project (per sponsoring agency's written policy), they should be charged to account codes 10632 or 10622, so that the cost posts to the appropriate cost share index. The corresponding fee remissions will be posted by Payroll to specific cost share indices that have been set up for each department. The process is triggered by the use of account code 10632 or 10622 used when paying the GRA/GTA salaries on the cost share index. See policy 205-05 for additional information. (add link)

To document cost share from outside sources, please use the [Cost Share from Outside Sources](#) form.

### **USDA/PNW GRA Fee Remission Documentation**

USDA/Pacific Northwest Area (PNW) has determined that GRA Fee Remissions are an allowable cost share item. Each department has been assigned a cost share index designated to receive these charges. When GRA salaries are budgeted to the sponsored index, account code 10632 is used to pay these costs which alerts the Payroll Office to record the corresponding fee remission to the cost share fee remissions index.

## **Responsibilities**

### **Principal Investigator (PI)**

- Includes cost sharing in the proposal according to OSU policy
- Identifies OSU or third-party commitments to meet cost sharing
- Ensures cost share commitments are fulfilled and that cost shared expenses are posted to the correct index
- Obtains reports from outside parties providing cost share and provides to OSRAA

### **Financial Strategic Services/Department**

- Provides OSRAA the index to fund cost sharing
- Posts expenses to cost sharing index
- Monitors cost sharing index to ensure that cost sharing commitment is being met
- Provides necessary reports and information to OSRAA to document in-kind and third-party cost sharing

### **Office for Sponsored Research and Award Administration (OSRAA)**

- Reviews proposal to ensure that cost sharing is appropriate for the proposed project and minimizes OSU commitments for cost sharing
- Ensures that all approvals are secured for cost sharing commitments
- Ensures that the FSS/dept supplied index for cost sharing is appropriate
- Establishes cost sharing index(es)
- Reports cost sharing expenses to sponsor