Cost Sharing on Sponsored Programs
SPA-11-002

About This Policy

Effective Dates:
02-01-2011

Last Updated:
12-31-2020

Responsible University Administrator:
Vice President for Research

Policy Contact:
Steve Martin, Associate Vice President for Research
stemarti@iu.edu

Scope

This policy applies to all Indiana University faculty and staff involved in the fiscal operations and administration of grants and contracts or otherwise with the authority to identify expenses under grants and contracts.

Policy Statement

It is the policy of Indiana University that cost share should be included in proposal submissions only:

• When required by agency policy or guidelines (mandatory), or
• Commitment within the proposal increases the likelihood of the proposal being funded (committed) and not prohibited by the agency and
• With approval of appropriate academic unit responsible party.

It is, further, the policy of Indiana University that any cost share included in a proposal must meet the regulatory requirements, as appropriate, of the funding agency, the university, and federal circulars.

Reason For Policy

The purpose of this policy is to provide direction and process for proposing, contributing, and reporting cost share on externally funded sponsored projects. This policy provides guidance to ensure best practices in the fiscal management of grants and contracts at Indiana University and to meet the requirements of OMB 2 CFR part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other sponsoring agencies.

Procedure

A. Pre-Award

Cost share utilizes university resources, and therefore must be approved by the appropriate university offices (units, RCs and/or campuses) at the time the proposal is routed internally and submitted to the agency. Committed cost share must be documented on the routing form and in the proposal budget. University resources not committed in the proposal budget or required by the sponsoring agency will be considered voluntary cost share, and documentation of these expenses is not required in the university system. University resources may be considered cost share only if they meet the following criteria:

• The cost share amount must be verifiable.
• It is not included as cost share to another grant or contract account without agency approval.
• It is necessary and reasonable for the project and includes only expenses directly related to the project.
• It is allowable and allocable under applicable cost accounting principles.
• It is not funded from another grant or contract without agency approval.
• It is incurred within the time frame of the project.

B. Post-Award

After the funding agency awards the proposal to Indiana University, the university is required by federal guidelines to document mandatory and committed cost share. Cost share expenses must be separately budgeted and recorded in Contract and Grant cost share sub-accounts.

It is the responsibility of the unit to ensure that the appropriate cost share expenses are booked to the cost-share sub-accounts in a timely manner.

• For each award, the fiscal officer will be responsible for supplying the Office of Research Administration (ORA) a valid account number as the source account for cost share expenditures. Multiple source accounts are permitted. In order to avoid delays during award setup, the source account information should be provided in the original proposal budget.
• ORA will create a cost share sub-account on the grant account for each source account provided, and will also establish a budget for each cost share sub-account in accordance with the awarded budget.
• The fiscal officer will be responsible for ensuring that allowable cost share expenditures are charged to the cost share sub-account in a timely manner. Salaries should be distributed to the cost share sub-account using the HRMS Maintain Funding e-doc or the Payroll Voucher.
• The source account provided by the unit will be debited for all expenditures booked against the cost share sub-account. A transfer of funds will be automatically created each day to cover the expenses hitting the cost share sub-account.

C. NIH Salary Limitation

The National Institutes of Health (NIH) has placed a limitation on the salary rate which may be charged to NIH grants and contracts. For any employees earning an annualized salary above the limitation, the portion of salary above the cap is an unallowable expense. It must be recorded as cost share in order to 1) abide by the NIH policy, and 2) properly document effort on the NIH project. Please see IU Research-Related Policy SPA-11-008 “National Institutes of Health Salary Limitation” for more detail.

Definitions

Cost Share: Project or program costs not borne by the sponsoring agency. In order to be included as cost sharing it must be:

• Verifiable;
• Not included as cost share to another grant or contract account without agency approval;
• Necessary and reasonable for the project;
• Allowable and allocable under applicable cost principles;
• Not funded from another grant or contract without agency approval;
• Incurred within the time frame of the project; and
• Federal funds may not be used to cost share federally funded projects without agency approval.

Mandatory Cost Share: Cost share that is required by the sponsor and must be documented. The requirement may be identified in the funding announcement, award terms and conditions, or within the agency’s policies or
guidelines. The cost share requirement may occasionally be in the form of a cost-limitation (such as the NIH salary limitation).

**Committed Cost Share:** Cost share that is not required by the sponsor but is included by the university in the proposal submitted to the agency. If the proposal results in an award, the cost share included in the proposal becomes part of the award and is therefore committed by the university.

**Voluntary Cost Share:** Cost share that is provided during the life of the project by the university but was not committed in the proposal or required by the agency. Voluntary cost sharing does not need to be separately budgeted or recorded in cost-share sub-accounts.

**Sanctions**

Failure to adhere to this policy and procedures may result in the administrative suspension and/or termination of a sponsored program agreement and other actions. If cost share is not recorded on the grant the funding agency may reduce the award to the applicable percentage of cost share recorded on the agreement.

**History**

Replaces:

- Policy III: 120. “Policies Related to Contract and Grant Administration: Cost Share on Sponsored Programs”

Previous Versions:

- Effective Dates: 2-1-2011 through 5-3-2017
- Effective Dates: 5-4-2017 through 12-31-2020

**Related Information**

- OMB 2 CFR part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- NIH Grants Policy Statement
- NSF Proposal and Award Policies and Procedures Guide
- IU Policy SPA-11-008 "National Institutes of Health (NIH) Salary Limitation"