Cost Sharing is a contractual obligation committing the University to share in the costs of a sponsored project. The proper documentation of cost sharing has been a major target of audits making it the second leading area of cost disallowances. In addition, it is essential data used to support the Facilities and Administrative (F&A) rate proposal.

The following documents Georgia State policy on cost sharing including the procedure for monitoring cost sharing and reporting such cost sharing to sponsoring agencies. The purpose for providing the policy is as follows:

1. To provide guidance regarding the circumstances in which cost sharing is permitted by Georgia State, including what kind of services, expenditures, or assets may be cost shared.
2. To provide information to the Georgia State community regarding the contractual, financial, and administrative implications that result from the commitment to cost share.
3. To establish procedure, which provides Georgia State with the ability to provide information to sponsoring agencies, which demonstrates that Georgia State has fulfilled any cost sharing commitments it has made as a condition of external sponsors.
4. To establish procedures for recording cost-shared expenditures in the Georgia State accounting system in order to track, report and certify cost sharing as subject to audit under OMB Uniform Guidance, sponsor guidelines, or terms of the sponsored agreement.
5. To reinforce the understanding of the financial commitment represented by cost sharing and discourage its usage where possible.

Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost sharing or matching</td>
<td>The portion of the total project costs of a sponsored project borne by Georgia State, rather than by the sponsor.</td>
</tr>
<tr>
<td>Committed cost sharing (mandatory and voluntary):</td>
<td>Cost sharing that is specifically pledged in the proposal’s budget or award. Does not include general expressions of support in the proposal narrative or current and pending support pages. Does include “% of effort” in NIH modular grant applications.</td>
</tr>
<tr>
<td>Voluntary uncommitted cost sharing:</td>
<td>Cost sharing that is faculty effort that is over and above that which is committed and budgeted for in a sponsored agreement.</td>
</tr>
<tr>
<td>Unrecovered facilities and</td>
<td>The difference between the amount awarded and the amount, which could have been awarded under the recipient’s approved negotiated facilities and administrative cost rate.</td>
</tr>
</tbody>
</table>
POLICY DETAILS

The Cost Sharing Commitment
Georgia State faculty assume a cost sharing commitment only when required by the sponsor or by the competitive nature of the award, and then are required to cost share only to the extent necessary to meet the specific requirements of the award. All cost sharing commitments must be included on the project proposal and must be approved by the University unit responsible for the funds. Cost sharing commitments are a condition of the award and subject to audit. Cost sharing on federal projects cannot be paid from other federal funds unless specifically authorized by the federal sponsor. Salaries and wages and related fringe benefits of faculty, staff, and students and indirect costs are the most common types of cost sharing commitments. These costs are documented through the Personnel Effort report forms in appropriate companion accounts. Refer to the Georgia State Personnel Effort Reporting Policy. Non-salary purchases such as supplies and equipment used for cost sharing must be identified through use of an appropriate campus companion account. Unrecovered Facilities and Administrative (F&A) cost may be included as part of the cost sharing or matching in accordance with the sponsor’s guidelines. Specific awarding agency approval is required in the case of federal grants and contracts. Records for cost sharing are retained for the same period as the records for related sponsored project.

Types of Cost Sharing
In order to provide the most flexibility and to best support the project it is highly recommended that cost sharing be proposed as a lump sum amount. Types of cost sharing include:

1. Faculty, Student, or Staff Effort
   It may be appropriate to contribute faculty, student, or staff effort to the performance of a sponsored agreement. The commitment to provide such support binds Georgia State to contribute the effort and record the associated cost sharing. Cost sharing effort must be documented within the Personnel Effort Reporting system. On the Personnel Effort Report forms, individuals must certify the level of cost shared effort contributed to the associated project.

   Cost sharing effort is included in the calculation of total committed effort. Although proposals could be in circulation at any given time which exceed 100% of a faculty, student, or staff’s effort, care must be taken at the time of each award to ensure that effort is not committed more than the appointment allows for concurrent periods of time.

   Note also that significant decreases (25% or more for grants or an amount specified by the sponsor for contracts) in the effort by key personnel to a project require coordination with and/or advance approval by a federal sponsor; non-federal sponsors may have similar requirements. This
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applies to changes in committed levels of effort to be cost shared on the project as well as to that which will be charged directly to the project.

All cost-shared salaries and wages will be directly charged to the companion account via the PAF form Section E, “Earnings Distribution.” The companion account number will be indicated under the SPEEDTYPE Code column. There will no longer be a need to use the column labeled, “If Salary/Effort is Cost Shared.”

2. **Equipment**
   Equipment should not be offered as cost sharing unless the receipt of the award is contingent upon such cost sharing.

PIs should take care in preparing proposals for sponsored projects not to commit the use of Georgia State owned equipment as cost sharing, but rather to characterize the equipment as "available for the performance of the sponsored agreement at no direct cost to the project."

Proposals that include the acquisition of special-purpose equipment as a direct cost may include an offer of Georgia State funds to pay for all or part of the cost of such equipment. These proposals may be for equipment or instrumentation grants, where the purpose of the grant is to buy equipment and we are required to share the cost with the sponsor, or research-oriented sponsored projects where the purchase of equipment required for the research is an allowable expense included in the proposal and award. Purchase and acquisition must occur during the period of performance. The portion of the purchase price paid by Georgia State must be charged directly to a cost sharing account in support of the award.

3. **Other Direct Cost that may be Cost Shared**
   Allowable direct costs other than salaries, fringe benefits, or equipment may be committed by the PI as cost sharing on the proposal budget. The following are examples of other direct costs that may be cost shared:
   1. Travel expenses
   2. Items that do not meet the capitalization threshold
   3. Laboratory supplies

   Non-Personnel charges will be processed directly against the companion account number utilizing the assigned Speedtype (i.e. ED41) which will ensure expenses are charged to the appropriate account.

4. **Facilities and Administrative Costs**
   Facilities and Administrative (F&A) costs are real costs of conducting instruction and research. When the project does not recover the F&A costs associated with the sponsored project, Georgia State must fund any F&A costs that have not been reimbursed. For example, the grant program
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allows for a 10% F&A rate. If the proposal does not request the 10% F&A rate, Georgia State will have to fund the 10% cost from other sources. When direct costs are cost shared, the F&A costs associated with the direct costs are automatically cost shared. PIs may make use of F&A costs by including them on the proposal budget under cost sharing. Unrecovered F&A costs may be included as part of cost sharing or matching ONLY with the prior approval of the Federal-awarding agency.

PROCEDURES

Issued: July 6, 2006
Revised: October 28, 2016

Background

In an effort to better document cost sharing or matching associated with a sponsored project, Georgia State has implemented a new accounting procedure for documenting costs where an approved sponsored project has identified a commitment by Georgia State to share in the costs of such project. While the sponsor funded costs of accomplishing a project are processed through fund code 20 “General Fund – Restricted” cost share accounting transactions are charged to companion accounts in fund code 10, “General Fund - Unrestricted” fund.

A companion (cost share) account will be established for each sponsored project that incorporates matching or cost share commitments. The companion accounts will be uniquely identified to the related sponsored project as reflected below:

1. SPONSORED PROJECT

<table>
<thead>
<tr>
<th>Fund</th>
<th>Program</th>
<th>Department</th>
<th>Class</th>
<th>Project</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>1210</td>
<td>110600000</td>
<td>61000</td>
<td>ELD41</td>
<td>2004</td>
</tr>
</tbody>
</table>

The SpeedType/SpeedChart for this project would be ELD41

2. COMPANION ACCOUNT

<table>
<thead>
<tr>
<th>Fund</th>
<th>Program</th>
<th>Department</th>
<th>Class</th>
<th>Project</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1221</td>
<td>11060ED41</td>
<td>11000</td>
<td>N/A</td>
<td>2004</td>
</tr>
</tbody>
</table>

The SpeedType/SpeedChart for this cost share account would be ED41- This arrangement is designed to correlate closely to the project number on the Fund Code 20 side.
Budgeting for Cost Share Expenses

Formal budget amendments may be made to accommodate the companion accounts. If budget amendments are not made, offsetting funds must be left in associated fund code 10’s budget. Instead, the companion accounts in the Spectrum System will be set up to allow expenses to be incurred against the department or college budget appropriation level. While the budget for cost share accounts will not be a formal budget, we do have the ability to measure performance. This will be accomplished by including an estimated amount based on cost share data contained in the Sponsored Agreement.

Requirements for Documenting Cost Sharing

In order to meet the administrative requirements for cost sharing on sponsored projects, Georgia State has to comply with OMB Uniform Guidance, by meeting the following criteria:

1. Are verifiable from the recipient’s records – there must be a formal record of all cost sharing provided that is supported by Georgia State’s accounting records.
2. Are not included as contributions for any other federally-assisted project or program – the cost sharing being offered is not used as cost sharing on another federally sponsored project.
3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. Are allowable under the applicable cost principles.
5. Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget when required by the Federal-awarding agency.

Monitoring of Cost Share Accounts

Two reports have been developed in the Spectrum System to assist in monitoring performance of cost share data. You will have to identify a Run Control ID and that will bring up a panel in which you will identify certain parameters such as date and then you will need to select the type of report you wish to process, i.e. Summary Report or Department Detail. The Summary report will provide data for all departments having cost share information, while the Department detail report is designed to provide information for a specific department.

Information on these reports will provide a budget estimate column from which actual expense performance can be measured for the current fiscal year and cumulative expenses to date. The final column on these reports provides an estimate of the remaining balance required to meet the budget estimate for each cost share account or department.

Source of Funds for Cost Shared Expenditures

Identifying and providing resources for cost sharing of direct costs (including equipment) is always the responsibility of the PI. The PI may NOT utilize funds from federal awards as the source of cost sharing, except as authorized by statute. The PI may utilize funds from non-federal awards as the source of cost sharing, **ONLY** when specifically allowed by the non-federal sponsor. Funds for cost shared expenditures
are typically identified from among gift, endowment income, operating budget, or other department designated funds.

**Expenditures NOT Eligible for Cost Sharing**

The following expenses cannot be offered as cost sharing commitments in sponsored project proposals:

1. Unallowable costs as defined in Uniform Guidance.
2. Salary dollars above a regulatory cap, e.g., NIH.
3. University facilities such as laboratory space. PIs should take care in preparing proposals for sponsored agreements not to commit use of facilities as cost sharing, but rather to characterize the facilities as "available for the performance of the sponsored agreement at no direct cost to the project."
4. Depreciation on federally funded equipment.
5. Overdrafts may not be considered cost sharing for purposes of fulfilling a cost sharing commitment because overdrafts are considered unallowable under OMB Uniform Guidance.

**Level of Cost Sharing**

When sponsored projects are awarded at the level outlined in the proposal, the committed cost sharing must be provided at the requested amount. The actual effort and other costs required to accomplish the goals of a sponsored project might differ from what was proposed and awarded. The total costs could decrease due to changes in programmatic needs. When there is cost sharing on such projects, the sponsor may need to be consulted to determine if the reduction can be applied to both sponsor and University resource contributions on a pro rata basis and to approve such reduction. Otherwise, the sponsor's share is reduced and the Georgia State entire cost sharing commitment must be met. The PI or the PI's departmental administrator should consult with University Research Services Administration before the sponsor is contacted.

**Reporting Cost Sharing**

When required, Georgia State is responsible for providing information to sponsoring agencies that demonstrates Georgia State has fulfilled the cost sharing commitment that it made as a condition of receiving external sponsorship. The Office of Sponsored Proposals and Awards (OSPA) is responsible for providing cost sharing reports to sponsors when required. In order to do so, departments must provide the necessary information at the time of the award, and follow the accounting procedures described in the previous sections of this policy.
## Position or Office

<table>
<thead>
<tr>
<th>Position or Office</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Investigator/Project Director (PI/PD)</td>
<td>Request cost sharing through contributed effort, matching funds of in-kind contributions if required by sponsor; Certify contributed effort on the project</td>
</tr>
<tr>
<td>Department Chair or Unit Head</td>
<td>Review and approve, if appropriate, all cost sharing through contributed effort, matching funds or in-kind contributions requested from the unit or department; Provide documentation for all unit or dept. contributions to approved cost sharing for proposal.</td>
</tr>
<tr>
<td>College or School Dean</td>
<td>Review and approve, if appropriate, all cost sharing requested from the College or from any source outside the College; Provide documentation for the source of all College and external contributions to approved cost sharing; Provide local oversight for all cost sharing commitments on the project; Provide local oversight for contributed effort on the project.</td>
</tr>
<tr>
<td>Office of Sponsored Proposals and Awards (OSPA)</td>
<td>Verify that any cost sharing or matching funds are correctly listed in the proposal budget, noted on Proposal Routing Form, and approved by appropriate persons; Provide institutional oversight for all cost sharing and matching fund commitments for project. Provide cost sharing reports to sponsoring agencies demonstrating that cost sharing commitments made at the time of the award are fulfilled.</td>
</tr>
<tr>
<td>VP for Research &amp; Economic Development</td>
<td>When necessary, approves matching funds if they are derived from the budget of the VP for Research &amp; Economic Development.</td>
</tr>
</tbody>
</table>

## CONTACTS

<table>
<thead>
<tr>
<th>Subject</th>
<th>Office</th>
<th>Telephone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy interpretation and all matters not listed above</td>
<td>Office of Sponsored Proposals and Awards (OSPA)</td>
<td>404-413-3502</td>
<td><a href="http://ursa.research.gsu.edu/ospa/">http://ursa.research.gsu.edu/ospa/</a></td>
</tr>
<tr>
<td>Dept. or Unit approval</td>
<td>Dept. Chair or Unit Head</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College or School approval</td>
<td>Dean of College of School</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>