

Purpose

The following identifies Illinois Institute of Technology's policy on cost sharing and the procedure for monitoring grant-by-grant cost sharing. The policy was developed for the following purposes:

- To provide guidance regarding the circumstances in which cost sharing is permitted by the University, including what kind of services, expenditures, or assets may be cost shared.
- To provide information to the University community regarding the contractual, financial, and administrative implications that result from the commitment to cost share.
- To establish procedures which give the University the ability to provide information to sponsoring agencies which demonstrates that the University has fulfilled any cost sharing commitments it has made as a condition of obtaining external funding.
- To establish procedures for recording cost-shared expenditures in the University's accounting system in order to segregate cost sharing for inclusion in the University Research portion of the Organized Research Modified Total Direct Cost (MTDC) base, in response to the July 15, 1993 revision to OMB Circular A-21 (A-21), [Principles for Higher Education](#), regarding the classification of University Research.

Policy

The University records cost sharing expenditures in a separately identified sponsored general ledger fund.

When cost sharing is required on an award, the award report will need to specifically identify the source of University funds (FOAPS) that will be used to satisfy the cost sharing commitment. Spending will not be permitted on an award until all cost sharing resources are identified.

Cost Sharing Resources:

The Federal government specifies what types of project costs are acceptable for the cost sharing purposes in Section .23 of OMB Circular A-21. The following types of costs and expenditures are acceptable for cost sharing purposes on both State and Federal awards:

Salaries and Wages:

Project support provided from salaries and wages and the associated fringe benefits and indirect costs related to the project, but not charged to the sponsor. These project costs may have been initially charged to instruction and departmental research funds, separately budgeted University research funds and/or other designated and restricted funds.

Other Direct Costs:

Project support provided from other direct costs and the associated indirect costs related to the project, but not charged to the sponsor. These project costs may also have been initially charged to instruction and departmental research accounts, separately budgeted University research accounts and/or other designated and restricted accounts.

Unrecovered Indirect Costs:

Project support provided from a waiver of the indirect costs that the University is otherwise entitled to recover from the sponsor. As a general rule, the University does not waive F&A (indirect) costs for cost sharing purposes. Request for the acceptance of lower F&A rates require prior approval by Dean.

Unacceptable Forms of Cost Share

1. Costs funded by other federally funded sponsored programs;
2. Costs pledged as cost share for another funded project generally;
3. Costs reimbursed through the indirect cost recovery rate;
4. Future or anticipated cash receipts.

Costs must be

1. Verifiable;
2. Necessary, reasonable and allocable for proper and efficient accomplishment of project or program objectives;
3. Allowable charges under applicable cost principles;
4. Conform to other provisions of the Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"; of the OMB Circular A- 21, "Cost Principles for Educational Institutions"; and of any other federal, state, or local government or non governmental organization regulations and requirements as applicable.

Definitions**Cost Sharing:**

Cost sharing is the contribution to a sponsored project that supplements agency funding. In general, cost sharing, also known as matching, represents the portion of the project costs not borne by the project sponsor.

Types of Cost share**Mandatory Cost Share:**

Whenever possible, cost sharing should be limited only to those situations where it is mandated by a

sponsor. If cost share is mandated by a sponsor it should be limited to the minimum amount necessary to meet a sponsor's requirement.

Voluntary Committed Cost Share:

Voluntary cost share is committed when the University has determined that a contribution of additional resources is necessary to ensure the success of a competitive award or proposal. The University strongly discourages voluntary cost share by its Principal Investigators.

Voluntary Uncommitted Cost Share:

A commitment of university resources beyond the budgeted commitments is considered voluntary uncommitted cost share. Examples include effort provided by a faculty member beyond that which is budgeted. In these circumstances, it is not necessary to track or account for these commitments. These are considered additional cost related to the total research enterprise.

In-Kind Contributions

Occurs when supplies, services or other non-cash contributions are made to the project. The monetary value of these supplies, services or other non-cash contributions will be based on current fair market value at the time of the contribution.

Procedures

Prior to execution of an agreement or acceptance of an award that obligates the university to cost share, the requesting Principal Investigator (PI) must obtain the approval of the department chair and/or the appropriate college dean, and must identify 100% of the funding sources for the cost share commitment. Cost share coverage must be identified at the proposal stage and fund numbers are provided to the Office of Sponsored Research and Programs. If the project extends beyond the current fiscal year, the approval by the department and the college dean also authorizes the use of subsequent fiscal year budgets to satisfy the commitment.

Tuition Cost Share

Projects that have tuition based cost share are setup in the financial system at the beginning of the award and are usually cost shared by the Graduate College (exceptions may apply). This results in an automated booking of cost share offsets to the fund that was provided at the onset of the award (generally a graduate college account) as tuition is applied to the grant.

Non-tuition Cost Share

These expenses have to be identified and booked manually by the grant and contract accounting office. The department in question is notified on a quarterly basis to book charges as per the budget to the cost share fund and those expenses will then be offset with the department account provided at the onset of the award.

In-kind contributions

When in-kind contributions are identified, grant budgets should be setup similar to cost share (setup with a 3x9xxx fund separate from all other applicable cost share). Once the University has received the actual contribution (i.e, equipment), fair market value will be determined, with the appropriate documentation attached from the source and a journal entry debiting expense and crediting revenue will be completed. The controller's office will then offset the recording with an appropriately designated account.

Reporting and Cost Sharing

Interim Reporting: Interim reporting of project costs, including cost sharing, will be handled by Grant and Contract Accounting, as appropriate, in accordance with requirements of the project sponsor. Grant and Contract Accounting will report the costs contained in the cost sharing FOAPs as well as the associated fringe benefits and indirect costs through the reporting data. If the interim reports reveal a potentially significant shortfall in the amount budgeted for cost sharing, the Principal Investigator may be requested to provide an explanation and corrective action plan to the project sponsor.

Final Reporting: All program costs need to be finalized and recorded in the appropriate project and cost sharing account(s) thirty (30) days prior to the due date of the final fiscal report. Since most agencies require the final reports within ninety (90) days of the project end date, this requirement will generally give departments sixty (60) days to finalize charges.

Guidelines

See terms and conditions of individual awards.

References

OMB Circular A-21 (A-21), [Principles for Higher Education](#)

Responsibilities**Required Forms**

Award documentation from Sponsor and OSRP documentation establishing cost share commitment.