

## Siena College Cost Sharing Policy

### Purpose

Funding agencies may require that the College contribute a portion of the total project costs. This may be accomplished as either cost sharing or matching. The terms cost sharing or matching is defined as that portion of a project or program costs not borne by the sponsor. Instead, that portion of a project or program is paid by the College. Per OMB Circular A-110, cost sharing and matching includes both cash and in-kind contributions that a recipient makes to an award.

- *Cash contributions*: The recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.
- *In-kind contributions*: Non-cash contributions in the form of real property, equipment, supplies, and other expendable property, and the value of goods and services benefitting and specifically identifiable to the project or program.

Whether this cost sharing is mandated by the sponsor or volunteered by the recipient, the cost sharing becomes a College commitment and represents a binding obligation of the College once the award has been granted. Circular A-110 makes no distinction between cost sharing and matching. However, matching usually refers to the specific ratio between the amount of the award and the amount committed by the recipient, such as a dollar-for-dollar match or a 2-for-1 match. Cost sharing is a more general term and is used in this document to refer to both cost sharing and matching.

### Types of Cost Sharing

There are two (2) types of cost sharing:

- **Mandatory Cost Sharing** – cost sharing required by the sponsor as a condition of the award.
- **Voluntary Cost Sharing** – cost sharing offered when no mandatory cost sharing requirements exist, or is in excess of mandatory cost sharing requirements.

### Allowable Cost Sharing

Per OMB Circular A-110, cost sharing expenditures must satisfy all of the following criteria:

- Verifiable from the official College records;
- Not previously used as cost sharing for another project (the same cost sharing expenditures cannot be used for multiple projects);
- Necessary and reasonable for proper and efficient accomplishment of the project;
- Allowable under the terms of the award
- Conforms to other provisions of OMB Circular A-110, as applicable;

- Incurred during the effective dates of the grant or during the pre-award phase when authorized by the sponsor; and
- Not paid by the federal government under another award.

### **Unallowable Cost-Sharing**

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

- Costs considered unallowable by the College or by the sponsor;
- Costs considered unallowable under OMB Circular A-21; and
- Salary amounts exceeding a regulatory salary cap.

### **Categories Associated with Cost Sharing**

#### Faculty and Non-Faculty Effort

PIs are strongly encouraged to limit explicit commitments of contributed effort (i.e., effort at no cost to the sponsor) in sponsored project proposals, especially in those instances where contributed effort is not required by the sponsor or is not a significant portion of the PI's total effort. When it is appropriate to contribute faculty effort as a portion of a cost sharing commitment in a proposal, the College is obligated to that commitment of effort once the proposal is awarded. A certification of time commitment is required for the cost sharing effort as well as the effort charged to the award.

It may be appropriate to contribute non-faculty effort to the performance of a sponsored agreement. As with faculty effort, the commitment to provide such support binds the College to contribute the effort and record the associated expenditures, including fringe benefits. Likewise, certification of time commitment is required for the cost sharing effort of non-faculty effort as well as the effort charged to the award.

The total effort for research and other College activities performed by each individual must not exceed 100%. Existing commitments must therefore be taken into account when evaluating a proposed commitment of cost sharing, especially when multiple proposals are being submitted.

#### *Calculation*

When salary cost sharing is proposed, the cost shared amount must be calculated based on the individual's expenditure of effort and not on how the individual is paid by the College. This is particularly important to consider for faculty who are paid over a period of twelve months for a nine-month academic year salary. In order to calculate salary cost sharing for the purposes of submitting a proposal budget, the percentage of effort committed to the sponsored project or program is multiplied by the number of months of the individual's effort. The resulting person-month(s) is/are multiplied by the individual's College monthly rate of pay. In addition, the employee benefits must be included in the cost sharing calculation.

*Examples:*

- a. 5% of a 9-month academic year appointment equals .45 (AY) person months ( $9 \times .10 = .45$ )  
     .45 months x monthly rate of pay (base salary  $\div$  9) = salary cost sharing amount (plus benefits)
- b. 10% of a 12-month calendar appointment equals 1.2 (CY) person months ( $12 \times .10 = 1.2$ )  
     1.2 months x monthly rate of pay (base salary  $\div$  12) = salary cost sharing amount (plus benefits)

Equipment

Proposals which include the purchase of major, special-purpose equipment required for the exclusive use of the sponsored project or program may include an offer of College funds to pay for all or part of the cost of such equipment. The portion of the purchase price paid by the College must be charged directly to a cost sharing project grant in support of the award. PIs should not commit the use of existing equipment, whether College-owned or government-owned, as cost sharing.

Other Direct Costs

The following are examples of other direct costs that may be used as cost sharing: travel expenses, project materials, laboratory supplies, and sub-recipient cost sharing.

Facilities and Administrative (F&A) Costs

F&A costs, otherwise known as indirect costs, are real costs of conducting sponsored projects or programs. These costs are allocated to all activities in the College. Consequently, when direct costs are included in a cost sharing arrangement, the associated indirect costs should be included as part of the College cost sharing commitment.

**Procedure Approval**

This procedure outlines the College procedures required in order to comply with any category of cost sharing commitment as it pertains to sponsored programs.

Approval

The PI, with assistance and guidance from OGFR, is responsible for identifying all sources of funds and in-kind contributions for cost sharing of direct costs. The College generally expects that some portion of this expense will be provided by the PI and/or the Department Chair.

All proposed mandatory and voluntary cost-sharing arrangements must be approved by the responsible Department Chair and/or Dean and the VPFA before a proposal may be submitted to a sponsor by the Office of Government and Foundation Relations (OGFR). Depending on the cost-sharing arrangement,

other appropriate campus-wide officials may need to be consulted before final approval is granted by the VPFA. This policy also applies to in-kind contributions.

The PI should contact OGFR a minimum of 15 business days of the proposal deadline to discuss the specifics of the proposal and to determine the sources of funds and/or in-kind contributions to meet the cost sharing requirement. OGFR will discuss all voluntary and mandatory cost sharing commitments proposed by the PI with the appropriate parties, including final approval by the VPFA, before proposal submission.

### **Cost-Sharing Tracking and Recording**

Once an award with a cost share component is granted, the Assistant Comptroller & Director of Financial Compliance (ACDFC) must be notified. At that time, the ACDFC, OGFR and the PI should meet to discuss the specific type of cost share expected from the award. Based on the results of that conversation, the Comptroller will then set up the appropriate Banner foapal(s) to track the cost share component of the grant.

If the cost share consists of a salary component, additional consultation with the Director of Budget and Human Resources will be needed. In order to track the cost share piece of a PI's salary, appropriate data needs to be entered into the Banner payroll system. This will help with accurate effort certification collection. For example, if there is academic and summer allocations listed under the "NSF funded person months" section of the proposal budget, but there are no amounts to be charged to the sponsored program, we need to track this in a separate account and effort should be reported.

If the cost share consists of expenses other than salary, these will need to be identified so that as the expense occurs they can be charged to a specific foapal for that purpose. These items should not be charged to an operating budget nor to the grant budget, but to a separate account set up for this purpose. Similarly, in-kind contributions also need to be identified as soon as possible so that they may be recorded appropriately.

Each grant awarded that has a cost share component will need to be reviewed on a case by case basis so that they can be tracked according to the agreement.