
2119 COST SHARING/MATCHING

Effective: December 1986
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Resp. Office: Research Services
Approval: Research Services

PURPOSE:

To establish policy for the identification, funding, accounting, and reporting of cost sharing or matching requirements in conjunction with a sponsored project

DEFINITION:

Cost Sharing or matching means the specific portion of the project or program costs that is not funded by the sponsor.

TYPES OF COST SHARING:

1. **Mandatory:** Refers to those costs which are either required by the terms of the award or by federal statute that the University must contribute toward the project in order for an award to be made.
2. **Voluntary Committed:** Any cost associated with a project, which has been identified in the proposal, but for which funding has not been requested from the sponsor. Some common examples include:
 - a. A percentage of effort for faculty or senior researchers included in a proposal budget or stated in the text of the proposal for which compensation is not requested; and
 - b. The purchase of equipment for the project, identified in the proposal, for which funds have not been requested.
3. **Voluntary Uncommitted:** Any cost associated with a project and not funded by the sponsor, which has not been identified in the proposal, or in any other communication to the sponsor as a commitment of the University. This includes effort of faculty or senior researchers that is over and above that which is committed and budgeted for in a sponsored agreement. Examples include:
 - a. Donated faculty effort on a project over and above that which was proposed for the project;
or
 - b. Academic year effort on a project for which only summer salary was proposed if such effort were not listed either on the budget page, or in the body of the proposal.

4. **In-kind/Matching:** Refers to the requirement of some sponsored projects that grant funds be matched in some proportion with non-sponsored project funds, or that the grantee participate to some extent in the cost of the project. Matching requirements may be in the form of an actual cash expenditure of funds, or may be an “in-kind” match, which is the value of non-cash contributions to the project.

Importantly, all federally funded research programs must have some level of committed faculty (or senior researcher) effort, paid or unpaid by the Federal government. The exceptions to this requirement are training grants, dissertation support, limited purpose awards, e.g., travel grants, conference support, or when salary support is provided by another funding source such as career awards. In addition, all non-federally funded sponsored programs (including clinical trials) must have some level of committed faculty (or senior researcher) effort, paid or unpaid by the sponsor.

Uniform Guidance Subpart D Part 200.306 requirements for cost sharing on Federal awards to be acceptable:

All contributions, including cash and third party in-kind shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:

- The costs are allowable in accordance with the Uniform Guidance Subpart E Part 200.403;
- Are verifiable from the recipients records;
- Are not included as contributions for any other federally-assisted project or program;
- Are necessary and reasonable for proper and efficient accomplishment of project objectives;
- Are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching; and
- Are provided in the approved budget when required by the federal awarding agency.

Additional Considerations:

1. University policy is to provide only the minimum amount of cost sharing necessary to meet sponsors' requirements. Voluntary committed cost sharing is discouraged.
2. Compliance with Federal regulations and cost accounting standards requires that all cost shared expenses be treated in a consistent and uniform manner in proposal preparation and in the financial accounting and reporting of these expenses to sponsors.
3. Mandatory or voluntary committed cost sharing or required in-kind matching must be clearly indicated on the Proposal Transmittal and Approval Form.
4. A separate form must be attached to the proposal detailing the proposed cost sharing, and list the source of funding for the cost shared expense. (*See Procedures for Cost Sharing and In-Kind or matching Requirements for Sponsored Projects.*)
5. The principal investigator is responsible for maintaining records of all project related costs, which represent cost sharing through the use of a separate “5” fund in the general ledger which will be established by ORS.
6. The responsible department must account for all mandatory and voluntary committed cost sharing and provide this information to Research Services for financial reporting purposes in cases where a separate “5” fund is not appropriate, i.e., sabbatical leave.

7. Funds used to meet matching requirements may be used only once.

NOTE:

Effort devoted to a project over and above the effort charged to the project, (or formally cost shared) need not be identified and reported if there is no reduction to other teaching or research and/or any other duties.

ROLES AND RESPONSIBILITIES:

PRINCIPAL INVESTIGATOR

- Provides cost sharing/matching certification during the proposal, set up and reporting of cost sharing and matching funds as necessary
- Authorizes and reviews all expenditures on sponsored project funds
- Reviews cost sharing/matching expenditures for allowability
- Ensures proper accounting and recording for all Mandatory and/or Voluntary Committed Cost Share in accordance with Penn and sponsor policies and procedures
- Communicates with ORS and sponsor regarding issues concerning not meeting the proposed mandatory or voluntary commitments
- Ensures proper reporting of cost sharing and matching funds

BUSINESS ADMINISTRATOR

- Assist the Principal Investigator with the tracking and recording of all Mandatory and/or Voluntary Committed cost share
- Ensures that a “5” is used to record and account for cost sharing/matching funds
- Provides documentation to support cost sharing/matching as necessary for invoicing, reporting and audits
- Communicates with Research Services regarding invoicing, reporting and closeout of cost sharing and matching fund accounts
- Performs cost sharing revenue entries as required to offset expenditures on “5” fund
- Maintains documentation to support cost sharing/matching expenditures & revenue

OFFICE OF RESEARCH SERVICES

- Provides guidance to Business Administrators and Principal Investigators on university and sponsor policies and procedures for accounting & reporting of Cost Share/matching
- Performs desk review of cost sharing/matching expenditures for allowability and compliance with sponsor and university policies and procedures upon invoicing and reporting
- Communicates with Business Administrator regarding cost sharing/matching reporting and closeout issues
- Requests cost sharing/matching certification and supporting documentation for reporting & closeout
- Prepares financial report of Cost Share/matching to the sponsor, as required
- Performs closeout entries for cost sharing/matching fund