



CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE Office of Sponsored Programs

COST SHARING POLICY

This document provides guidance that will facilitate compliance with Federal Costing and Cost Sharing requirements as set forth in OMB Circulars A-21 and A-110. This guidance applies to both Federal and non-Federal sponsored programs.

Cost Sharing Defined

Cost sharing means that portion of project or program costs that are not borne by the sponsor.

Types of Cost Sharing

There are two types of cost sharing that occurs on sponsored projects. The two types of cost sharing are:

- Mandatory
- Voluntary

The cost sharing types are defined, for purposes of implementation at Charles R. Drew University of Medicine & Science as follows:

Mandatory Cost Sharing – Mandatory cost sharing is that commitment to participate in the cost of the project required either by Statute or by Administrative regulation. The requirement for such cost participation will be explicitly set forth in project announcements or guidelines issued by the sponsor, and will be a requirement for eligibility to participate in the project and will be specifically identified within the University's proposal.

Mandatory cost sharing also includes any commitment by the University to participate in the cost of the project that is not required by Statute or administrative regulation, but is a part of the University's proposal to the sponsor.

Voluntary Cost Sharing – Voluntary cost sharing is the University's participation in the cost of a project when there was no commitment within the University's proposal to share in the cost of the project or when the University's actual participation in the cost of the project exceeds the cost sharing commitment made as a part of the University's proposal.

Criteria for the Acceptability of Cost Sharing

The obligation for cost sharing is predominately associated with Federal grants and cooperative agreements. In accordance with OMB Circular A-110, cost sharing must meet all of the following criteria:

- The cost sharing must be verifiable and auditable within the University's accounting system.
- The cost sharing must not be included as contributions for any other federally assisted project or program.
- The cost sharing is necessary and reasonable to accomplish project or program objectives.
- The cost sharing is allowable in accordance with the applicable cost principles (OMB Circular A-21), the terms of the agreement and Charles Drew University costing policies.
- The cost sharing must be funded from non-Federal sources, unless authorized by Federal statute.
- The cost must be incurred during the term of the agreement.

Cost Sharing and the Proposal

Any University commitment to share in the cost of a project should be identified early in the proposal process (**three weeks prior to agency due date**). The Office of Sponsored Programs, Deans (College of Medicine/College of Science and Health/Medical Sciences Institute), Executive Vice President for Research and Health Affairs and the Principal Investigator share responsibility for ensuring that the following has occurred prior to the submission of the proposal:

- The University commitment and the cost associated with the commitment are in accordance with University policy.
- The University commitment complies, in all ways, with the Criteria for the Acceptability of Cost Sharing.
- The funding source(s) for the University commitment have been identified and authorized utilizing the Request for University Cost Sharing Form.

The Office of Sponsored Programs will ensure that the proceeding has occurred prior to approving the proposal for submission to the sponsor.

Funding University Cost Sharing Commitments

- University cost sharing commitments must be funded from *non-Federal sources*. These sources include University general funds, gift funds, and non-Federal sponsored program funds. In general, the responsibility for funding the University cost sharing commitment lies with the department. In the case of institutional center grants the responsibility lies with the College or University (some center grants mandate the President as the principal investigator which would define the University as the responsible entity).

Documentation of Cost Sharing

The University has the following obligations regarding the documentation of cost sharing:

- Proposal commitments to cost share, when accepted, become a condition of the agreement relationship established by the University and the sponsor.

- Voluntary cost sharing of faculty effort must be appropriately classified for purposes of the University's facilities and administrative cost proposal.
- All cost sharing must be verifiable and auditable within the University's accounting system.
- When applicable, the creation of a University account in the name of the proposed project director to validate committed funds.

Gifts: Activities supported by a donor that are **generally not** considered grants and can be processed as *gifts* may include the following characteristics:

- Award provides support for broadly defined activities, such as professorships, endowments, building projects, instructional programs, and unrestricted research. The donor may restrict the use of funds to a specific program area or purpose.
- Award contains only minimal requirements, generally relating to required donor pledge payments and the University's commitment to effectuate the donor's intent.
- Award requires only minimal reporting to the sponsor donor in the form of a general statement of how funds were used. The unit or faculty member involved may provide the donor with a brief summary of the results of supported activities and/or a statement that expenditures were made in accord with the intent to the gift.
- Award is irrevocable

Procedure:

All projects determined to be a grants must be processed through the Office of Sponsored Programs. Activities supported by a donor that are generally not considered grants can be processed as gifts to the University.

Questions regarding whether a proposal or an award is a gift or a grant should be directed to the Office of Sponsored Programs (OSP) or Office of Development. OSP and the Office of Development will work together to determine a project's classification when there is a question about how it should be processed. Cases needing further clarification will be brought before a review committee composed of senior representatives from the OSP, Development, Finance and the Vice President for Research.