

Grant and Sponsored Programs Cost Share - Policy & Procedures

1.0 Purpose

- 1.1 This policy outlines the procedures for managing cost sharing and matching funds at AUIB in compliance with Office of Management and Budget (OMB) 2 CFR 200.306 and OMB Circular A-21. These guidelines ensure compliance with federal regulations and proper documentation and management of cost-sharing commitments.

2.0 Scope

- 2.1 This policy applies to all AUIB departments, colleges, and units involved in the administration, management, and execution of grants and sponsored programs. This includes:
- Faculty and staff involved in grant proposals with cost-sharing commitments.
 - Financial administration personnel responsible for tracking and reporting cost-sharing contributions.
 - The AUIB Grants Office ensures compliance with federal regulations and institutional policies.
 - Department heads and deans for ensuring adherence to cost-sharing procedures.
 - Any other relevant individuals or entities engaged in activities related to cost-sharing requirements.

3.0 Definitions

- 3.1 Cost sharing - project expenses not covered by the sponsor, covered by AUIB or a third party, including mandatory committed, voluntary committed, and voluntary uncommitted cost sharing.
- 3.2 Mandatory committed cost sharing - required by the sponsor as a condition of the award, must be documented and reported.
- 3.3 Voluntary committed cost sharing - not required by the sponsor but offered by AUIB, becomes binding once included in the proposal and must be tracked.
- 3.4 Voluntary uncommitted cost sharing - effort or resources provided voluntarily by AUIB, not included in the proposal, and not required to be tracked.
- 3.5 In-kind contributions - non-cash contributions, such as services, equipment, or property, that can be valued and documented.
- 3.6 Over-the-cap salary - the portion of salary and benefits exceeding sponsor-imposed caps, which cannot meet cost-sharing requirements but must be tracked separately.
- 3.7 Matching funds - specific cost sharing where AUIB must match the sponsor's contribution as a condition of the award.

- 3.8 Federal awarding agency - the federal agency providing funding for a project, setting terms and conditions.
- 3.9 Indirect costs - overhead expenses related to managing a sponsored project.
- 3.10 Modified total direct costs (MTDC) - the base to which indirect costs are applied, excluding specific items as per federal regulations.
- 3.11 Fair market value - the estimated value of in-kind contributions based on what a willing buyer would pay to a willing seller in an open market.
- 3.12 Uniform guidance (2 CFR 200) - OMB regulations outlining administrative requirements, cost principles, and audit requirements for federal awards, including cost sharing.
- 3.13 Unrecovered indirect cost - the difference between the amount charged to the Federal award and the amount allowable under AUIB's approved de minimus indirect of 10% based on MTDC or, a later negotiated indirect cost rate.

4.0 Policy

Cost Share

- 4.1 Cost sharing includes project expenses not covered by the sponsor. AUIB discourages cost sharing unless mandated by the federal or non-federal sponsor. All cost-sharing commitments must be tracked and may require reporting. Federal funds may only be used for cost sharing with explicit sponsor approval.

In-Kind Cost Sharing

- 4.2 Contributions must be readily determined, verified, documented, and justified. Estimated values must be based on fair market value at the time of award acceptance. In-kind contributions are manually tracked by the managing department and reported regularly to the AUIB Grants Office. The college or department must provide regular updates to the AUIB Grants Office with justification and documentation for the in-kind cost share for each grant award.

Mandatory and Voluntary Committed Cost Sharing

- 4.3 Mandatory: sponsor-required cost sharing must be tracked and reported. These costs must appear in the proposal and include labor costs identified in the budget and justification.
- 4.4 Voluntary: voluntary cost sharing offered by AUIB becomes binding and requires similar tracking and reporting as mandatory cost sharing.

Voluntary Uncommitted Cost Sharing

- 4.5 Voluntary cost sharing pledged by AUIB in the proposal is binding and must be tracked. Labor costs must be clearly identified in the proposal's budget and justification.

Over-the-Cap Salary

- 4.6 Salaries and benefits exceeding sponsor-imposed caps must be tracked separately and cannot be used to meet mandatory or voluntary committed cost-sharing requirements.

Stipulations

4.7 Cost-sharing expenditures must adhere to the same accounting, financial, legal, and regulatory standards as direct costs on sponsored awards.

4.7.1 For Federal research proposals, voluntary committed cost sharing is not required and should not influence merit review. Consideration of such cost sharing must align with Federal awarding agency regulations and be clearly stated in the funding opportunity notice.

4.7.2 All Federal awards require that shared costs, matching funds, and contributions, including cash and third-party in-kind contributions, must:

- Be verifiable from AUIB's records.
- Not be used as contributions for any other federal award.
- Be necessary and reasonable for achieving project objectives.
- Not be funded by the federal government under another award unless permitted by federal statutes.
- Be included in the approved budget when required by the awarding agency.
- Conform to other applicable provisions.

4.7.3 Unrecovered indirect costs may only be included with prior Federal agency approval. This includes costs not covered under AUIB's approved indirect cost rate or those negotiated later.

4.7.4 The value of AUIB's contributions of services and property must adhere to cost principles. For construction or long-term projects, the value of donated property must be the lesser of:

- The remaining life of the property recorded in AUIB's records, or
- The current fair market value unless otherwise approved by the Federal agency.

4.7.5 Third-party volunteer services may count as cost sharing if essential to the project. Valuation must align with rates for similar work at AUIB or in the relevant labor market. Allowable fringe benefits may be included.

4.7.6 When third-party organizations provide employee services, these must be valued at the regular rate of pay, including allowable fringe benefits and indirect costs. Donated services treated as indirect costs must be separately identified.

4.7.7 Donated property, such as equipment or supplies, must be valued at fair market value at the time of donation. The value must not exceed:

- Fair market value for equipment or other capital assets,
- Fair rental value for land, with Federal agency approval if applicable.

4.7.8 For third-party donations of equipment, buildings, or land:

- If assisting in acquisition, the aggregate value may be claimed.
- If supporting use, only depreciation charges for equipment and buildings may be claimed.

4.7.9 Valuation of donated property must follow AUIB's usual accounting policies, with specific qualifications for land, buildings, equipment, and space.

4.7.10 The fair market value of third-party in-kind contributions must be documented and supported by methods used internally by AUIB.

4.7.11 Voluntary uncommitted cost sharing, such as extra faculty effort beyond what is committed, should not be included in the organized research base for computing F&A rates. Such effort must be excluded from formal reporting but supported by a payroll distribution system that reflects actual work activity.

4.7.12 Tuition remission for graduate students participating in sponsored projects is allowable if it:

- Supports necessary activities related to the sponsored agreement.
- Follows institutional policies consistently applied to both sponsored and non-sponsored activities.
- Is provided to students enrolled in an advanced degree program related to the sponsored project.

4.7.13 Tuition remission and other student support must comply with OMB Circular A-21 Section J.8 or equivalent methods for documenting effort on research projects. Total compensation must meet Circular A-21 criteria for reasonableness and allowability.

Voluntary Uncommitted Cost Sharing

4.8 Voluntary uncommitted cost sharing refers to faculty effort beyond what is committed and budgeted in a sponsored agreement. According to OMB Circular A-21, this type of effort is not required to be documented for cost accounting purposes and should not be included in the organized research base for computing Facilities and Administrative (F&A) rates.

4.9 Under Circular A-21, only costs that are directly chargeable or assignable to a project should be included in cost accounting. Voluntary uncommitted effort, representing additional faculty-donated time, should not be treated the same as mandatory or voluntary committed cost sharing, which is documented in the accounting system.

4.10 Voluntary uncommitted cost sharing should not be included in the organized research base or in the allocation of F&A costs. Faculty effort excluded from formal reporting aligns with the guidance in OMB Circular A-21 and should be distinguished from committed effort.

4.11 Even though voluntary uncommitted cost sharing is excluded from the research base, payroll distribution systems must still accurately reflect all significant changes in work activity. This includes both sponsored and non-sponsored activities.

4.12 Federally funded research programs should include some level of committed faculty effort, either paid or unpaid. This effort must be documented and included in the organized research base. If a research program agreement shows no faculty effort, the university must estimate and include an appropriate amount in the research base, except

for certain programs like equipment grants, doctoral dissertations, and student augmentation, which do not require committed faculty effort.

Tuition Remission Costs

4.13 Tuition remission costs for graduate students charged to Federal programs are addressed under OMB Circular A-21, Sections J.41 ("Scholarships and Student Aid Costs") and A.2.c ("Purpose and Scope"). The Circular clarifies that the requirement for a "bona fide employer-employee" relationship does not imply that tuition remission is only allowable if the student is treated as an employee for tax purposes.

4.14 OMB Circular A-21 acknowledges the dual role of students as both researchers and students, recognizing the benefits of their research to sponsored agreements. Tuition remission is therefore allowable as long as it supports their participation in the project, independent of their tax status as employees.

Allowability of Tuition Remission Costs

4.15 Tuition remission and other student support are allowable when:

- The student's activities are necessary for the sponsored agreement.
- The support aligns with established institutional policies and is provided consistently across similar sponsored and non-sponsored activities.
- The student is enrolled in an advanced degree program during the academic period, and their work relates to the federally sponsored research project.

Reporting and Documentation

4.16 Tuition remission and other student support must comply with the reporting requirements outlined in Section J.8 ("Compensation for Personal Services") of OMB Circular A-21, or an equivalent method. These costs may be charged on an average basis, but overall compensation must meet the criteria for reasonableness and allowability under the Circular.

5.0 Procedures

5.1 Deans, department heads, and the Financial Administration Department are responsible for ensuring compliance with cost-sharing procedures.

5.2 The AUIB Grants Office maintains and updates the cost share policy and procedures.

Training and Education

5.3 Comprehensive training on the cost share policy, federal requirements, and documentation practices will be provided to all relevant staff, including deans, department heads, financial administration personnel, and grants office staff.

Documentation and Record-Keeping

5.4 Standardized forms will be used for documenting cost-sharing commitments. The Financial Administration Department will manage a centralized system for maintaining cost-share records, including supporting documentation and regular updates from departments.

Monitoring and Compliance

5.5 Periodic internal audits will review cost-sharing documentation for compliance with federal requirements. Ongoing monitoring of cost-sharing commitments and expenditures will ensure accurate and timely reporting.

Reporting and Evaluation

5.6 Regular reports on cost-sharing commitments will be submitted to the Financial Administration Department and the Grants Office for review. Periodic evaluations of the cost-share policy will be conducted to assess effectiveness and identify areas for improvement.

Corrective Actions

5.7 A process for addressing deficiencies identified during audits or monitoring will be implemented, including corrective actions, timelines for resolution, and follow-up.

Related Policies and Documents

Procurement Policy

Financial Policy

Conflict of Interest Policy