

Cost Sharing

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Background

“Cost sharing” usually refers to salary paid to an investigator by the University to cover effort allocated to an externally funded grant. For example, if a faculty member expends 25% effort on an externally funded research project during the academic year, and no salary is charged to the grant (the salary is covered by the University), we say that there is 25% cost sharing.

Minimizing Cost Sharing

It is usually in the University’s and Department’s interests to minimize cost sharing. Quoting from the 2007 audit of the Department of Psychology:

“University policy 2.1.5 on Offering Cost Sharing, Matching, and In-Kind Contributions on Sponsored Projects states: “The University wants to minimize cost sharing/matching on sponsored projects. It should only be offered if: (1) mandated by the sponsor; (2) necessary to otherwise make the proposal competitive; or (3) needed to accurately reflect the resources required for conducting the project.” “

Consistent with University policy, the Department wishes to minimize cost sharing on grants. As of September 2007, the Department has adopted the following procedures:

- Prior to distribution of the PRF (Proposal Routing Form) for a grant, any requests for cost sharing on a grant should be brought to the attention of the Department Administration.
- The request should be made at least one week prior to the distribution of the PRF. Consideration of cost-sharing issues is part of the budget preparation for a grant proposal.
- Approval of the PRF by the Departmental Administration will be contingent on written departmental approval (email approval suffices) for the cost-sharing request.
- Significant increases or decreases in cost sharing, once a grant has been approved, will require approval by the Departmental Administration. The grants coordinator and payroll specialist will be asked to work with faculty to bring requests to the attention of the Department Administration.
- Approved cost sharing, and changes in cost sharing, will be documented for easy reference in effort certification and payroll.

Documentation

Quoting from the 2007 audit report “University policy on “Offering Cost Sharing, Matching, and In-kind contributions on Sponsored Projects” states that committed cost sharing and matching/in-kind expenses must conform to University and federal policies regarding allowability,

allocability, and reasonableness and must be verifiable through documentation. Sponsors and auditors must be able to verify that funds committed to cost sharing or matching/in-kind have been provided. Accurate records must be maintained to verify that committed funds have been provided through the use of other resources. These records may be reviewed by auditors. If required, Sponsored Financial Reporting reports these commitments to the sponsor.”

Psychology administration must ensure that all voluntary cost share commitments are met and documented.

At the time of effort certification, the effort coordinator will check the documented and approved cost-sharing arrangement for compatibility with the effort statement. Inconsistencies will be brought to the attention of the PI for resolution, potentially requiring approval by Departmental administration for changes in cost sharing or effort.

This document is posted on the department’s website at:

http://online.psych.umn.edu/policies_procedures/index.html