University of Massachusetts Lowell
Cost Sharing Overview

Definitions

Cost Share is the portion of a project or program cost not borne by the sponsor. It is the University's share in the cost of conducting the project/program. Cost sharing occurs either when a sponsor requires, or the University commits in a proposal, funds beyond those awarded by the sponsoring agency to support a particular grant or contract.

Cost sharing may be required by federal or non-federal sponsors, and the obligation must be met using non-federal funds. Only charges that would be allowable as direct costs to the award are allowable as cost sharing. (Non-federal may be more flexible). Federal flow through funds may not be used as a cost sharing source unless prior written approval has been received from both the federal sponsor and the flow through sponsor.

The "cost share" pledge may be either a fixed amount of money, or a percentage of the project costs, or the commitment of a specified level of effort. The term "cost matching" often refers to cost sharing where the amount required as cost share is equal to the amount received from the sponsor. This is also known as dollar-for-dollar cost sharing or matching.

Types of Cost Sharing - University of Massachusetts Lowell (UML)

Mandatory: Cost sharing that the sponsor requires as a condition of the award.

Voluntary Committed: Cost sharing that the PI commits in the project proposal budget or the budget justification that is not required by the sponsor.

The University discourages cost sharing commitments when not required by the sponsor. The commitment is expressed as a dollar amount or a percent of effort.

Voluntary Uncommitted: Cost Sharing is not initially promised in the proposal or otherwise indicated.

Contribution Sources

Commitments that are paid from University funds using gift, endowment, or other non-sponsored sources. In kind outlays from internal and external sources.
Process Overview

The following outlines the different stages of an award and the steps taken when an award includes cost sharing.

<table>
<thead>
<tr>
<th>When?</th>
<th>Who?</th>
<th>What?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal Phase</td>
<td>PI</td>
<td>The request for proposal (RFP, Solicitation, Announcement etc.) is reviewed for any mandatory cost share requirements. PI alerts GCA through the proposal information form if CS applicable. Obtains authorization/approval to include cost share in the proposal. The approval is obtained from the source of funds.</td>
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<tr>
<td>Approval/Acceptance/Setup</td>
<td>GCA</td>
<td>The request for proposal (RFP, Solicitation, Announcement etc.) is reviewed for any mandatory cost share requirement. Reviews cost share contributions for allowability and submits the proposal package to the sponsor. Negotiates with the sponsor if subaward.</td>
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<tr>
<td>Sponsor</td>
<td>Approves the proposal, issuing the award including cost share commitment and notifies ORA.</td>
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<tr>
<td>GCA</td>
<td>Reviews and confirms the cost share. Through Chartfield Form - Sets up the budget in the PeopleSoft (PS) when applicable. Notifies Department/PI budget has been set up. Notates the Cost share commitment in PS (amount/detail)</td>
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<tr>
<td>PI</td>
<td>Reviews / commits to the cost share. It is the PI's responsibility to ensure that the cost sharing pledge on the grant or contract is correct and that it is met on schedule.</td>
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<tr>
<td>PI</td>
<td>At the frequency required by the contract, but no less than quarterly, review the cost share activity. Document and report to FA.</td>
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<tr>
<td>FA</td>
<td>Works with PI to document the activity and provide details to GA for reporting.</td>
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<tr>
<td>GA</td>
<td>Works with FA to report cost share.</td>
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<tr>
<td>Closing</td>
<td>GA</td>
<td>Closes budget once all expenditures have posted and the cost share is met. Reports to the sponsor as required.</td>
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<tr>
<td>PI/FA/GA</td>
<td>Ensures cost share is met before closing award.</td>
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- **PI**—refers to the principal investigator and/or a staff member with delegated authority
- **Sponsor**—the organization or person providing the grant/contract
- **ORA**—Office of Research Administration (Authorized Official)
- **GCA**—Grant and Contract Administrator
- **FA**—Financial Administrator
- **GA**—Grant Accountant

**Additional Considerations**

Changes to mandatory cost sharing commitments must be reviewed and approved by ORA and often by the sponsor.
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Current Procedures

**UML FUNDS**
1) PI requests via UML Cost Share Form, confirmation of cash commitment from the source within the University (Vice Chancellor for Research and Innovation; College Dean). (Proposal stage)
2) Internal project ‘R’ is set up using fund 51402 (PI) to capture the cost share expenditures.
3) Details of the cost share source of funds is available and notated on chartfield form.
4) UMGL7047 Report is run periodically to evaluate the cost share expenditures charged to the project.
5) Journal entry is prepared annually, or sooner if need be, to fund the Cost share project using the source of funds from the chartfield setup form. (592010/492010)

**In-Kind Salary**
1) PI requests confirmation of course release from Department Head and Dean. The GCA calculates the value of each course release, including the staff fringe benefits rate and full indirect costs. (Proposal stage)
2) The FA sends Principal Investigator (PI) an email inquiring if a course release occurred during a specific time period.
3) Upon receipt of the PI’s confirmation email, the FA runs a payroll query for the PI’s time to document the expenditures up to the budgeted amount through an excel spread sheet.
4) The spread sheet includes the PI’s name, the dates, hours and amount worked and the cost share amount.

**TUITION / FEE WAIVER**
1) Tuition waiver amount is computed by GCA based on the number of externally funded Research Assistants in the proposal budget. (Proposal Stage)
2) The FA sends Principal Investigator (PI) an email inquiring if a tuition waiver has occurred and requests the details of who & when.
3) Upon receipt of the PI’s confirmation email and confirming that payment to RA is on the project, the FA will request a copy of the corresponding student bill from the Cash Management office.
4) The waiver amounts display as credits on student bill and are summarized to documents the cost share.
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WAIVED OVERHEAD

1) Documented in the award agreement, accepted less than full amount of negotiated rate, F&A rates is set in PS
2) Query is run in PS to determine the amount of waived OH. (Can also be calculated)

SPONSORED COST SHARING

1) Commitments that are paid from non-federal sponsored projects.
2) Prior approval must be obtained from authorized official of the cost sharing source.
3) Tracked manually by the PI & FA.
4) Run UMG7047 for specific projects and time period to document CS.
5) Additional backup may be required.

3rd Party IN KIND COST SHARING

Third party non-cash contributions of time or resources donated by third parties for which UML is responsible.

Third-party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, or goods and services directly benefiting and specifically designated for the project or program.

PERTAINS TO ALL COST SHARING

1) PI or GCA sends all of the commitments and calculations to the Vice Chancellor for Research and Innovation for final approval. (Proposal Stage)
2) Upon receipt of approval for cost share from the Vice Chancellor for Research and Innovation, the proposal is submitted.
3) If reporting cost share on ORA/UML billing invoice, detail cost share documents are sent to Billing to report to the Sponsor.
4) If reporting on financial reports, SF425, etc., the back-up is forwarded to Grant Accountant for UML’s records and the cumulative cost share amount is reported.

** Amounts will be prorated based on the invoice/report

5) Expenditures on a federal sponsored project may not be used to meet any cost sharing requirements.