

MICHIGAN TECH PRACTICE FOR COST SHARING ON SPONSORED PROJECTS

I. PRACTICE

Michigan Tech policy requires that mandatory cost sharing on federal, state, and private non-profit awards shall be provided by various sources. These types of awards are important in fulfilling Michigan Tech's mission, and therefore no principal investigator should be denied the opportunity to submit to a program that mandates cost sharing.

DEFINITIONS

Cost Sharing is the portion of total project costs borne from sources other than the sponsoring agency.

The three classifications of Cost Sharing are defined below:

- A. **MANDATORY COST SHARING** is required as a condition of the award by statute, the sponsor's program requirements, or the sponsor's solicitation. This type of cost sharing is always quantified in the proposal budget or budget justification and is tracked by the Sponsored Programs Office (SPO)/Innovation and Industry Engagement (IIE).
- B. **VOLUNTARY-COMMITTED COST SHARING** is cost sharing not required by the sponsor as a condition of the award statute, the sponsor's program requirements, or the sponsor's solicitation and is quantified in the proposal budget or budget justification. This type of cost sharing is allowable if an additional amount or percentage is encouraged by the sponsor's solicitation and is approved by SPO/IIE on a case by case basis.

Once voluntary committed cost sharing is offered by the institution and agreed to by the sponsor, this becomes an obligation that the institution must fulfill. Cost sharing that is proposed in the budget or budget justification becomes a commitment upon execution of the award agreement.

- C. **VOLUNTARY-UNCOMMITTED COST SHARING** is internally committed cost sharing that was not committed or quantified in the proposal, narrative, budget or budget justification. Examples of voluntary uncommitted cost sharing are mandatory Facilities & Administrative (F&A) waivers and Graduate Assistant Cost Share (GACS).

II. CATEGORIES OF COST SHARING

A. EFFORT

If faculty and staff quantify a portion of their effort to the project in the proposal budget or budget justification, Federal auditors view this commitment as binding, and that effort must be accounted for separately and will be tracked in a cost share index. However, if faculty and staff offer voluntary uncommitted effort in the proposal, narrative, or budget justification (not quantified) this type of effort is accounted for in the department general fund A13 research index.

B. GRADUATE ASSISTANT COST SHARE

If cost share is required or when support is for large or strategic proposals, the graduate school is able to provide cost share. GACS support will only be made available to support graduate students pursuing the highest degree awarded by a particular program. For example, if a graduate program offers a PhD degree in addition to an MS degree, GACS support will only be made available to support students pursuing the PhD degree. GACS support can be used for tuition.

If a PI is unable to use GACS funding to support graduate students, the contractual obligation for cost share will have to be met using other funds (e.g., departmental or internal research and development (IRAD)). For specific questions regarding graduate student support, contact the Graduate School at 7-2327.

C. OTHER DIRECT COSTS

Any allowable project costs can be included as cost sharing. Supplies, travel, and equipment are examples of other direct costs used as cost sharing.

D. EXTERNAL THIRD PARTY IN-KIND COST SHARING

If a third party has made a commitment to provide external cost share (generally in-kind), a letter of commitment must be provided by that party at the proposal stage, and if funded, the external party must provide documentation to support their commitment. Specific *External Third Party In-Kind Cost Share* guidelines can be found at:

<http://www.mtu.edu/research/references/forms/pdf/external-third-party.pdf>

E. FACILITIES AND ADMINISTRATIVE COSTS

Michigan Tech generally does not waive or reduce facilities and administrative costs on projects proposed to for-profit organizations or to meet the sponsor's cost sharing requirements (unless the sponsor mandates a lower facilities and administrative cost rate for all grant recipients).

III. PROCEDURES FOR COST SHARING ON SPONSORED PROJECTS

A. PROPOSAL SUBMISSION

If the proposal includes any ***quantifiable*** commitment (mandatory or voluntary-committed) in the proposal budget or budget justification, a Cost Sharing/Matching Support Authorization form must be completed. The source of funds is required at the proposal stage. The form can be found at:

<http://www.banweb.mtu.edu>

Once logged in, click on the "Research" button.

B. MODIFICATION (after the project begins)

Michigan Tech cost sharing must be used for the intent disclosed in the proposal and documented on the cost sharing/matching support authorization form. If a change in a cost sharing category (i.e. salaries, supplies, equipment, external in-kind) is anticipated, a request for modification form and a revised Cost Sharing/Matching Support Authorization form (with new authorizations) must be filled out and forwarded to the SPO. Any questions as to whether a request for sponsor's approval is required, should be directed to the SPO.

Below are examples of situations that could exist which would require a cost sharing modification:

- The PI discovers he/she will not meet the Mandatory or Voluntary Committed cost sharing. This will require either sponsor approval for the change, or another source of cost sharing funds will need to be identified.
- The PI or Co-PI's effort changes, such as a change in workload, an upcoming sabbatical leave, a leave of absence, or leaving the University for a new place of employment.
- If a reduction in GACS support is anticipated or if you are unable to locate a sufficient number of qualified doctoral/master's students.

- If a shift of GACS from one budget period to the next is anticipated.

The Request for Modification form and the Cost Sharing/Matching Support Authorization form can be found at:

<http://www.mtu.edu/research/references/forms/>

Instructions & Guidelines for projects which include external third party in-kind support can be found at:

<http://www.mtu.edu/research/references/forms/pdf/external-third-party.pdf>

IV. RESPONSIBILITIES

The principal investigator and department are responsible for administering the cost sharing requirements as stated in the proposal. Endorsement on the Cost Sharing/Matching Support Authorization form indicates approval for financial commitments of the PI and Department.

A. The Principal Investigator is responsible for:

- Assuring appropriateness, reasonableness, timeliness and allowability of cost share expenditures
- Managing cost share expenditures within start and end dates, not to exceed award amount
- Documenting of cost-share/matching funds if required
- Reviewing and approving in-kind cost sharing
- Initiating requests for re-budgeting of cost share

B. The Department Chair or School Dean is responsible for:

- Approving departmental cost-share
- Cost share shortfalls, both cash and third party in-kind