Memorandum from the Office of Research

To: Provosts, CARS, Grants Officers, cc: EVC Hensel, RFCUNY

RE: Cost Sharing in Sponsored Projects

Date: May 11, 2023

This memo replaces a 5/20/2013 memo from the Vice Chancellor for Research on Cost Sharing in Sponsored Projects. We retain the CUNY Office of Research policy that allows for cost sharing only when it is required by a sponsor or when a waiver request has been made given compelling circumstances. The process for requesting such a waiver is elaborated on in Attachment 1: Standard Operating Procedure (SOP): Requesting a Voluntary Cost Share Waiver. Please share this communication with all researchers and other research administration staff.

Cost sharing is the portion of sponsored project costs (direct and indirect) not borne by the extramural sponsor; thus, the CUNY college/school absorbs the cost. Because cost share requests burden universities, many funders, such as federal agencies, prohibit cost sharing. Cost sharing reduces CUNY resources in areas including facilities and research administration and compliance, and cost sharing increases the administrative burden in carrying out a sponsored project. Cost sharing may increase the compliance risk of a sponsored project or program by increasing its audit exposure. To minimize these risks and burdens, voluntary committed cost sharing will only be permissible by obtaining a waiver from the Office of Research.

This memo is intended to address the following categories of cost share:

**Mandatory Cost Sharing:** Cost contribution to the project required by the sponsor as a condition of the award. Documentation of such sponsor requirements will be in the request for proposals (RFP) or funding opportunity announcement (FOA). Mandatory cost sharing does not require the approval of a waiver from the Office of Research. However, the required cost share is the threshold mandated by the sponsor; anything committed above that threshold is considered voluntary committed cost share and as such will require a waiver granted by the CUNY Office of Research.

**Voluntary Committed Cost Sharing:** Cost contribution to the project not required by the sponsor but voluntarily offered by the CUNY college/school which is documented and quantified in the proposal. Once accepted by the sponsor, voluntary cost share becomes a binding commitment. Uniform Guidance 2 CFR Section 200.306 states, “... voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals...” However, in those instances where voluntary committed cost sharing could influence proposal evaluation, it should be explicitly stated in the request for proposals and/or must be documented in writing by the Program Officer of the funding agency. Voluntary committed cost sharing should only be submitted with waiver requests from the CUNY Office of Research.

Questions regarding this memo or the attached SOP may be directed to the Office of Research, Director for Research and Sponsored Programs Compliance. We appreciate your support in disseminating this information and implementing this practice consistently across your college/school. Such guidelines and practices will ensure we reduce risk and enhance the research enterprise across CUNY.
Attachment I

Standard Operating Procedure: Requesting a Voluntary Committed Cost Share Waiver

1. PURPOSE
To describe the procedure required to request University approval of a waiver for including voluntary committed cost share on sponsored projects.

2. SCOPE
This applies to any CUNY faculty or staff member submitting a proposal/application for extramural funding related to research, scholarship, or other program activities for which they aim to request permission for voluntary committed cost share.

3. DEFINITION
Cost Sharing is the portion of total costs (direct and indirect) of a sponsored award that meets the following criteria:

- It is not provided by the sponsor, and thus CUNY college/school leadership has agreed to fund it if the proposal is awarded.
- It is included in the itemized costs of the project that has been approved by the sponsor at the time of an award.

Cost Sharing as defined above may fall under either of the following categories:

- **Mandatory Cost Sharing**: Cost contribution to the project required by the sponsor as a condition of the award. Documentation of such sponsor requirements will be in the request for proposals (RFP) or funding opportunity announcement (FOA). Mandatory cost sharing does not require the approval of a waiver from the Office of Research. However, the required cost share is the threshold mandated by the sponsor; anything committed above that threshold is considered voluntary committed cost share and as such will require a waiver granted by the CUNY Office of Research.

- **Voluntary Committed Cost Sharing**: Cost contribution to the project not required by the sponsor but voluntarily offered by the CUNY college/school which is documented and quantified in the proposal. Once accepted by the sponsor, voluntary cost share becomes a binding commitment. Uniform Guidance 2 CFR Section 200.306 states, “… voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals…” However, in those instances where voluntary committed cost sharing could influence proposal evaluation, it should be explicitly stated in the request for proposals and/or must be documented in writing by the Program Officer of the funding agency. **Voluntary Committed Cost Share requires a waiver granted by the CUNY Office of Research.**

Any effort or resources by the University or faculty contributed to a project beyond that which is committed and budgeted in a sponsored agreement is considered **voluntary uncommitted cost sharing**. Voluntary uncommitted cost sharing is not included in either the proposal budget or the narrative, does not need to be reported to the sponsor, and does not require a waiver from the Office of Research.

4. REGULATORY REQUIREMENTS FOR COST SHARING
To comply with OMB’s Uniform Guidance, cost sharing must meet all of the following criteria:
• The cost sharing must be verifiable and auditable within the Research Foundation, CUNY or College’s records;
• Cost share is not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching;
• The cost sharing is necessary and reasonable to accomplish program objectives; and
• The cost must be incurred during the term of the agreement.

5. **SOURCES OF COST SHARING**
Budgeted cost share must be broken down in detail for the duration of a project. The source of cost sharing may include:
- College tax levy funds (including CUNY department number)
- Unrecovered Facilities & Administrative (F&A) costs, if approved by the sponsor
- Third Party “In-Kind” contributions
- Other sponsored projects (non-federal including RFCUNY PRSY, where applicable)

6. **COMMON TYPES OF COST SHARING**
The most common types of cost sharing is contributed monies from an unrestricted account or Faculty Time/Effort. Contributed monies must be set aside at the proposal stage and require written commitment directly from the authorized personnel, indicating the amount of funding being committed, the source of funding, and providing a detailed budget that outlines how the funds will be used to support the project.
- **Faculty or Research Staff Effort:** Effort can only be committed by full-time faculty or staff and must be approved by administration at the campus. Effort for faculty on a 9-month appointment can only be committed during the academic year not during the summer months when faculty are not under contract with the University. Internal campus approvals are required for the faculty or staff’s time to ensure that the effort on the sponsored project combined with their University duties and responsibilities will not exceed 100% if the project is funded. Administrative costs typically are charged to a sponsor as part of the University’s F&A rate. In order to cost share the value of administrative staff time on a federal project, the administrative activity involved must be above and beyond the individual’s normal administrative duties and must be related and integral to the sponsored project. Effort must be documented if the proposal is awarded.
- **Equipment:** Equipment purchased with College resources cannot ordinarily be offered as cost sharing, if the depreciation of College-owned equipment is included in the University's indirect cost rates and the equipment was not purchased for use on the project. Rather than committing the use of College-owned equipment as cost sharing, proposals should characterize the equipment as "available for the performance of the sponsored agreement at no direct cost to the project." If, however, the purchase of equipment is necessary for the project or the sponsor mandates the purchase of equipment, then the acquisition cost of specific equipment may be offered as cost sharing. Purchase and acquisition must occur during the period of performance of the project, and procedures must be in place to ensure that the depreciation on such equipment is not included in the indirect cost rate calculation.
- **Other Direct Costs:** Most other costs that could be charged (allowable, allocable, reasonable, and consistently treated) to a sponsored project can be cost-shared. The following are examples of other direct costs that may be cost-shared:
  o Laboratory supplies
  o Equipment items that do not meet capitalization thresholds
• **Third Party “In Kind” Contributions:** A third-party in-kind contribution is the computed value of any service and/or resources provided by a third party in support of a sponsored project being administered by the University. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, or goods and services directly benefitting and specifically designated for the sponsored project or program. Written commitments must be included and provide a detailed description of the amount, type, and source of contribution. Documentation of all expenses will be required. Third party in kind contributions are difficult to track and will require further approvals and documentation.

7. **RESPONSIBILITIES**

The University limits cost sharing to that which is mandated by the sponsor. Consequently, **voluntary committed cost share is not allowed unless a waiver is granted by the CUNY Office of Research.**

Cost sharing of direct expenditures represents a commitment of departmental, program, college/school or University resources from other University activities such as teaching, to support a sponsored project or program. Committed cost sharing creates an obligation to the University and must be treated like any other contractual agreement.

All proposed mandatory cost sharing arrangements must be approved by the responsible college/school authority, and all voluntary committed cost sharing must be approved first by the college/school authority and then granted a waiver by the Office of Research prior to proposal submission. The PI should confer with the appropriate college/school authority regarding a cost share strategy that meets the commitment made in the event a proposal is selected for funding. The college/school grants officer (or similar role) will maintain all cost share approvals made by the responsible college/school authority and the Office of Research. The PI must maintain records of cost share expenditures and provide financial reporting including cost share commitments in a timely manner to RFCUNY. In the event of an audit documentation supporting cost share expenditures must be readily available. Costs may be disallowed, and future funding jeopardized if a CUNY college is called upon to demonstrate cost sharing to an agency and it does not have the documentation to do so.

8. **WORK INSTRUCTION**

1. Requests for a waiver to voluntary committed cost share policy must be submitted by a college/school authority (i.e., Provost, Senior Research Officer, or Grants Officer) and include:
   - Brief rationale and justification
   - Budget with the full cost share amount, by year, for the duration of the project and the anticipated source of cost sharing funds. Sources of cost sharing may include:
     - College tax levy funds (including CUNY department number)
     - Unrecovered Facilities & Administrative (F&A) costs, if approved by the sponsor
     - Third Party “In-Kind” contributions
     - Other sponsored projects (non-federal including RFCUNY PRSY, where applicable)
   - Documentation of college/school approval (or college/school authority delineated and copied on request).

2. Forward the request to the CUNY Office of Research, Director of Research and Sponsored Programs Compliance with a cc: AVC for Research. As noted above, all voluntary committed cost sharing must be approved first by the college/school authority. Consult your campus Office of Research and
Sponsored Programs as there may be an internal College process prior to requesting approval from the CUNY Office of Research.

3. Requests must be submitted at least 10 business days prior to the proposal submission deadline.

REFERENCES

https://www.rfcuny.org/rfwebsite/resources/review-policies-procedures/cost-sharing/
https://www.law.cornell.edu/cfr/text/2/200.306