

Procedure 1306 PR.01
Cost Sharing

Creation Date: 5/30/07
 Revised: 08/20/08

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Overview

In accordance with [Policy 1306: Cost Sharing on Sponsored Projects](#), mandatory, voluntary committed cost sharing, and in-kind/matching must be identified, administered, and accounted for consistently throughout the University. Salary over a sponsor imposed cap (for example, but not limited to NIH, SAMHSA and AHRQ) is also considered mandatory cost sharing.

In order to comply with a **salary and/or non-salary** cost sharing commitment, the University employs the procedures outlined in this document.

Note: Prior to proposal submission, the source of funding for all mandatory or voluntary committed cost sharing or required in-kind matching must be approved by the appropriate University official (self-support school dean or cognizant provost) who has authority over the source of funds that will be used. Evidence of the approval must accompany the proposal when submitted to Grant and Contract Administration (GCA).

Approval for voluntary committed cost sharing in the form of effort must be obtained from the dean for self-support schools or the provost for other units prior to the preparation of the budget and budget justification. The signature of the department chair on a proposal transmittal sheet for a proposal indicates that he or she also has approved any voluntary commitment to cost share effort. The requirement for receiving a prior approval does not apply to salary over a sponsor imposed rate cap.

Calculating Salary Cost Sharing for the Proposal and Award

When salary cost sharing is proposed, the cost shared amount must be calculated based on the individual's appointment and not how the individual is paid (i.e., a nine month salary distributed over 12 months). Therefore, in order to calculate salary cost sharing for the purposes of submitting a proposal budget, the percentage of effort committed to the sponsored project is multiplied by the number of months of the individual's appointment. The resulting person month(s) is/are multiplied by the individual's Yale monthly rate of pay. For example:

- a. 5% of a 9 month academic year appointment equals .45 (AY) person months ($9 \times .05 = .45$)
 .45 months x monthly rate of pay (salary ÷ 9) = salary cost sharing
- b. 10% of a 12 month calendar appointment equals 1.2 (CY) person months ($12 \times .10 = 1.2$)
 1.2 months x monthly rate of pay (salary ÷ 12) = salary cost sharing

Once an award is made and a cost sharing account is created the same calculations above would apply, except for Example a. Since 9 month faculty normally receive their academic salary over twelve months the following example would apply:

- 5% of a 9 month academic year appointment equals .45 (AY) person months ($9 \times .05 = .45$)
- $.45 \text{ months} \times \text{monthly rate of pay (salary} \div 9) \div 12 = \text{salary cost sharing per month}$

For additional assistance in converting % effort to person months or the reverse, please refer to [Guide 1316 GD.01 Effort Percent/Calendar Month Conversion Tables](#)

Creating Cost Sharing Accounts

When a sponsored project proposal includes mandatory, voluntary committed cost sharing, or in-kind/matching, the Principal Investigator (PI) **must** indicate:

- An **Award** (source of funds) and the **Organization** (to which the source of funds is linked) to fund the cost sharing on the Proposal Summary and Certification form; and
- Obtain the approval and signatures of the department chair, business administrator and appropriate University official signifying that funds are available in this funding source and approved for use for this particular cost sharing commitment.

When the University receives an award from an external sponsor (and all institutional compliance holds are relieved), GCA (for the Yale School of Medicine, Accounts Setup Unit) will:

- create the account (Project, Task, Award and Org combination) to charge expenditures supported by the external sponsor;
- define an attribute on the Project to indicate there is cost sharing;
- (for both salary and non-salary cost sharing) link the non-sponsored Award indicated for cost sharing to the sponsored Project;
- (for cost sharing in the form of effort) link the sponsored Project to the Org supporting the regular earnings of the individual
- (for non-salary cost sharing) link the sponsored Project to the Org supporting the non-salary project costs; and
- notify the award owning department of the set-up of the sponsored award and the accompanying cost sharing account.

Charging Cost Sharing Accounts

Once the cost sharing account is created, expenditures can be charged to the appropriate account for either sponsor-supported or University supported contributions to the project. For example, labor schedules can be defined to charge a portion of salary to the sponsored project/sponsored award and another portion of salary to the sponsored project/non-sponsored award supporting the cost sharing commitment to the sponsored project. The following scenarios are provided to illustrate some of the situations that could occur:

Scenario 1: A PI with a 12-month appointment is committed to 30% effort to an award over the course of a year. At the proposal stage the PI received prior approval from the Dean to cost share 10% of the 30% effort (voluntary cost sharing).

- The labor schedule would be set-up to charge 20% of the PI's salary directly to the sponsored project account and 10% of the PI's salary to the cost sharing account.

Scenario 2: A PI with a 9-month appointment received prior approval to commit 25% academic year effort to an award with a start date of October 1 and expiring September 30. An existing labor schedule indicates that the 9-month academic year salary (the Regular Salary Earnings Element) of the PI is paid over 12 months.

- To accommodate for the cost sharing of 25%, the labor schedule must be modified to charge 25% of the academic year salary (the Regular Salary Earnings Element) to the cost sharing account beginning on October 1 and ending on September 30 of the following year.

Scenario 3: A faculty member has committed one full month of summer effort to an award, but decides not to charge salary even though s/he does devote the time to the project.

- In this case a paper Effort Report would need to be completed certifying to the uncompensated effort during the summer.

Budgeting/Planning

Departments should utilize existing budgeting, planning and commitment tools to create plans for managing the accounts. Budgets for labor costs in cost sharing accounts must include the appropriate fringe benefit costs.

For the School of Medicine, the Financial Management Tool is used to record sponsored projects budget plans and departmental budgets as well as project labor and non-labor financial commitments.

Central campus uses Oracle Financial Analyzer to record sponsored projects budget plans and department plans for General Appropriation, gifts/endowments and special use funds. Depending on the type of expense, financial commitments can be projected through labor schedules (for monthly or biweekly paid individuals), purchasing/accounts payable and the custom commitment tool on central campus.

If a General Appropriation account supports the cost sharing keep in mind that General Appropriation departmental budgets are based on fiscal year. Budget plans for cost sharing may be divided among more than one fiscal year.

Salary Cost Sharing and Effort Reporting

Once the cost sharing account is created, cost sharing commitments in the form of effort will appear on the Effort Report. Both the cost sharing account and the sponsored project account will be listed (if salary is charged to both for the reporting period) in the Sponsored Activities section of the Effort Report. Since sponsored activities on Effort Reports are sorted in Project Number order, the sponsored project and cost sharing accounts will appear together to aid in the determination of total committed effort.

In-kind/Matching

Matching requirements may be in the form of actual cash expenditure of funds or may be an “in-kind” non-cash match. In-kind or matching contributions made by a party other than Yale require documentation from that third party supporting the use of the funds as in-kind or matching contributions and may require a certification of fair market value. The department is required to maintain fair market value certifications for audit purposes.

In-kind (non-cash) contributions provided by the University would not require the creation of a cost sharing account but rather, the department would be required to maintain records identifying the non-cash contribution and its fair market value. An example of such a contribution would be the donation of membership fees to a University museum.

Matching in the form of cash would require the creation of a cost sharing account. Multiple sources supporting the matching of a sponsored project would require separate cost sharing accounts.

Financial Activity Reports

The University’s financial report based on the sponsored Project will indicate both sponsor supported and University supported financial activities. The report can be found in the Brio Users Group (BUG) library. The report is titled “Account Holder Report for Cost Sharing” (BUG213a).

Financial Reporting to Sponsors

Departments should work closely with Grant and Contract Financial Administration accountants to ensure accurate reporting of cost sharing on financial reports to sponsors.

Related Information

[Policy 1316](#): Effort Commitments: Managing Effort Associated with Sponsored Projects

[Policy 1315](#): Effort Reporting: Certifying Effort on Sponsored Projects

[Policy 1306](#): Cost Sharing on Sponsored Projects

[OMB Circulars](#) A-21 and A-110

Contacts

Subject	Contact	Phone
Cost Sharing in Proposals	Grants and Contracts Administration	Central 432-2460 YSM 785-4689
Cost Sharing Accounting	GCA GCFA	Central 432-2460 YSM 785-4689 432-3060
Reporting Cost Sharing to the Sponsor	Grant and Contract Financial Administration	432-3060

Roles and Responsibilities

Chair or Dean/Provost (as appropriate)

- Review and approve cost sharing commitments indicated in all proposal submissions (excluding cost sharing in the form of salary over a sponsor imposed rate cap).

Principal Investigator

- Commit to cost sharing only when required by sponsor guidelines.
- Receive approval from the chair and appropriate University official (Self-Support School Dean or cognizant provost) regarding any cost sharing commitments.
- Meet cost sharing commitments.

Departmental Business Office

- Advise Principal Investigators on the University's cost sharing policy and procedures when preparing proposals and at award set-up
- Properly charge and account for mandatory and voluntary committed cost sharing.
- Appropriately identify, administer and report on cost sharing.

Grant and Contract Administration

- Review proposals for cost sharing commitments and determine appropriate approvals are in place.
- Create cost sharing account (for the Yale School of Medicine, Accounts Management performs this function).
- Provide guidance to Business Offices and PIs on the appropriate use and treatment of cost sharing.

Grant and Contract Financial Administration

- Provide guidance to Business Offices and PIs on the appropriate use and treatment of cost sharing.

- Report cost sharing to sponsors according to sponsor requirements and the terms and conditions of agreements.

Revision History – last revision on 1/17/08

New Procedure. Posted on the draft site on June 5th 2007 for community comment. Posted as final on September 5, 2007.

The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.
