

## Procedure 1306 PR.01 Cost Sharing

Creation Date: 5/30/07  
Revised: 01/05/12

Overview .....	1
Calculating Salary Cost Sharing for the Proposal and Award .....	1
Creating Cost Sharing Accounts.....	2
Charging Cost Sharing Accounts.....	2
Budgeting/Planning.....	3
Salary Cost Sharing and Effort Reporting.....	3
In-kind/Matching.....	3
Financial Activity Reports .....	4
Financial Reporting to Sponsors.....	4
Related Information.....	4
Contacts.....	4
Roles and Responsibilities.....	4

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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 (such as NIH, SAMHSA, AHRQ) imposed rate cap is treated as mandatory cost sharing except if applied to an academic appointment and paid as summer salary.

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 the Office of 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 cognizant provost as appropriate. For faculty with an academic appointment and whose salary is 100% supported with University funds, approval must be obtained when the aggregate commitment for all awards exceeds 5% effort per academic year. In such cases, the faculty member should provide a copy of the detailed budget and proposal (or proposal abstract) with the Request to the dean or provost for their review.

The requirement for receiving approval for cost sharing does not apply to salary over a sponsor imposed rate cap.

Approval from the Provost's Office for committed cost sharing in the form of effort for individuals paid on the Executive (Confidential) Payroll is not required. However, a Cost Sharing Approval Request form must be completed and submitted to the Office of grant and Contract Administration in order to facilitate the award set-up process.

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### 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  $\div$  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  $\div$  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 months x monthly rate of pay (salary  $\div$  9)  $\div$  12 = 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](#)

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## Creating Cost Sharing Accounts

When a sponsored project proposal includes mandatory, voluntary committed cost sharing, or in-kind/matching, the Principal Investigator (PI), business office, or business support unit personnel **must** complete a Cost Sharing Approval Request (Form 1306 FR.01) indicating:

- a non-sponsored **Award** (source of funds); and
- the **Organization** to which the sponsored project is linked and responsible for funding the cost sharing.

The Cost Sharing Approval Request must reflect the signatures of the department chair, business administrator and appropriate University official signifying that funds are available in the specified funding source and approved for the purposes requested.

When the University receives an award from an external sponsor that includes a cost sharing commitment and once all institutional compliance holds are satisfied, the Office of Grant and Contract Financial Administration (GCFA) OGM Setup Unit will:

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

**Note:** GCFA does not setup non-federal clinical trials and certain agreements (e.g., IPAs). GCA performs the setup function for these accounts.

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## 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.

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## Budgeting/Planning

Departments and business support units 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 (FMT) 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 (OFA) to record sponsored projects budget plans and department plans for general appropriations (GA), gifts/endowments, and special use funds. Depending on the type of expense, financial commitments can be projected through labor schedules (for monthly or certain individuals paid weekly), purchasing/accounts payable and the custom commitment tool.

If a general appropriations 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.

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## Salary Cost Sharing and Effort Reporting

Once the cost sharing account is created and salary is charged to the account, the charged salary is later reflected as a percentage of total effort on an Effort Report form. This effort must at a minimum fulfill the cost sharing commitment made to the sponsor. Note that 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 Accounts section of the Effort Report form.

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## In-kind/Matching

Some sponsors require that grant funds be matched in some proportion with funds from another party, either from the University (i.e., foundation development awards) or another sponsor. Matching requirements may be in the form of actual cash expenditure of funds or may be an "in-kind" match, which is the value of non-cash contributions to the project.

An in-kind or matching contribution made by a party external to Yale requires documentation from that third party supporting the use of the funds as in-kind/matching for the designated project or program. This documentation is typically a certification of expenses or financial reporting of project costs signed off by a financial officer of the external organization. The department or business support unit is required to maintain documentation and certification of in-kind/ matching for reporting, retention and audit purposes.

In-kind (non-cash) contributions provided to the University would not require the creation of a cost sharing account but rather, the department or business support unit 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, or the loan of equipment to perform tests necessary for the success of the awarded project.

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. Documentation supporting in-kind/matching should be retained in accordance with [Policy 1105](#), section 1105.7 Records Related to Grants and Contracts.

## Financial Activity Reports

The *Account Holder Report* located in the Data Warehouse Portal is the University’s standard financial report for the monitoring of all accounts, both sponsored and non-sponsored. An additional financial report available to the community is the *BUG417a – Inception to Date for Non-Sponsored Awards Report*. This latter report provides inception to date activities supported by the University and is located in the Brio Users Group (BUG) Library. For assistance in running either report, please contact [ga.usersupport@yale.edu](mailto:ga.usersupport@yale.edu).

## Financial Reporting to Sponsors

Departments and business support unit personnel should work closely with the Office of Grant and Contract Financial Administration accountants to ensure accurate reporting of cost sharing on financial reports to sponsors.

## Related Information

[Important Update – May 2007](#): Voluntary Committed Cost Sharing in Proposals  
[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  
[2 CFR Parts 215 and 220](#) ([OMB Circulars](#) A-21 and A-110)

## Contacts

Subject	Contact	Phone
Cost Sharing in Proposals	Office of Grant and Contract Administration	785-4689
Cost Sharing OGM Setup	Office of Grant and Contract Financial Administration <a href="mailto:ogmsetup@yale.edu">ogmsetup@yale.edu</a>	785-3630
Reporting Cost Sharing to the Sponsor	Office of Grant and Contract Financial Administration	785-3630

## 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/Business Support Unit**

- 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.

**Office of Grant and Contract Administration**

- Review proposals for cost sharing commitments and determine appropriate approvals are in place.
- Record cost sharing amount for all sponsored awards in IRES.
- Provide guidance to Business Offices, Business Support Unit and PIs on the appropriate use and treatment of cost sharing.

**Office of Grant and Contract Financial Administration**

- Provide guidance to Business Offices, Business Support Unit 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.
- Create cost sharing linkages in OGM for all sponsored awards.

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**Revision History** – Revised January 5, 2012. Revised January 21, 2010. Originally posted on September 5, 2007.

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