I. PURPOSE

Emory University (Emory) is required to provide cost sharing in a proposal from time to time, and to provide the same fiscal accounting and fiduciary oversight for these resources as it does for external funding. All reductions in Facilities & Administrative costs (F&A or indirect costs), cost sharing, matching and in-kind contributions must also conform to applicable institutional, Federal, State, Sponsored, and other policies regarding allowability, allocability, and reasonableness.

In keeping with policy, Emory strongly encourages minimization of cost sharing commitments by Principal Investigators (PI) and Departments unless specifically mandated by the sponsor as a condition of the award. When this mandate exists, all cost sharing, matching, in-kind contributions and reductions in F&A must be approved by the appropriate Institution authority, verifiable through documentation, accounted for, and reported in a manner consistent with the requirements set forth in this process and according to Emory policy.

Note: For all mandatory cost share (excluding NIH salary cap), voluntary cost share and unrecovered indirect costs (F&A reductions or waivers), PI must obtain approvals from appropriate Department or School/unit and provide justification. Mandatory cost sharing due to NIH salary cap does not require approval.

II. INTRODUCTION

Cost sharing is that portion of a project cost, included in the detailed budget and/or any other portions of the proposal, which is not reimbursed by the sponsor and, as such, represents an institutional commitment of financial and/or non-financial resources.

There are three types of cost sharing:
- 1. Mandatory Cost Sharing
- 2. Voluntary Cost Sharing
  - a. Voluntary Committed Cost Sharing
  - b. Voluntary Uncommitted Cost Sharing
- 3. Unrecovered Indirect Costs (F&A)

These commitments become binding by virtue of their incorporation into the proposal — even when it is not in response to an official requirement from the sponsor. The Research Administration Services (RAS) will work with the PI and Departmental Administrator (DA) and/or appropriate School/unit official to help navigate these policies and procedures and get the appropriate approvals for any types of cost share. Mandatory Cost Sharing is a requirement documented in writing from the sponsor for cost sharing required by the funding agency in order to be eligible for the grant program. This must be tracked throughout the life of the grant. Salary above the NIH designated cap is a form of mandatory cost sharing which is captured through the University’s Effort Reporting
System (ERS). Salary caps should only be used when mandated by the sponsoring organization. Please note that the institution will have the option to submit the proposal and if submitted, mutual agreement of mandatory cost share is taken into account.

**Voluntary Cost Sharing** is not required, but offered in hopes of demonstrating the University’s dedication to the program.

- **Voluntary Committed Cost Sharing** is cost sharing that is specifically outlined in the proposal budget. This becomes a binding (mandatory) commitment to the sponsor and part of the terms and conditions if the project is funded. This must be tracked throughout the life of the grant. Unrecovered or in-kind salary is a form of Voluntary Committed Cost Sharing.

- **Voluntary Uncommitted Cost Sharing** may be provided after a grant is awarded and is not specified in the proposal. In this case, there is no obligation or binding agreement with the agency that requires any or all of these funds. These contributions are not auditable under the award.

**Unrecovered Indirect Costs** represent a category of committed cost sharing which may be mandatory or voluntary. As with other forms of committed cost sharing, this must be tracked. An Indirect Cost Waiver is an institutional agreement that indirect costs will be charged at a rate lower than the sponsor’s published or institutionally negotiated rate.

For Unrecovered Indirect Costs, an Indirect Cost Waiver is required from the appropriate Dean/Director’s Office (See Emory policy on F&A waivers - [http://policies.emory.edu/7.12](http://policies.emory.edu/7.12)). Waivers must be requested by the Department chair’s office on behalf of the PI. Approvals must be included with the proposal.

**Voluntary Cost Share of F&A (WAIVED F&A):**

Reduction or waivers of F&A costs may only be approved by **appropriate School or unit official, in accordance with the Institutional F&A policy**. Please note that the School can waive F&A, however the School/unit absorbs costs and the Emory Office of Research Administration may require to see approvals if necessary. There are two scenarios to consider for waivers of F&A costs:

- If full F&A costs are permitted by the sponsor, but a PI, Department, or college/School requests that some or all F&A costs be waived, the waived F&A dollars will be treated as the unit’s voluntary cost-share.

- Similarly, if a sponsor has no legitimate policy on F&A, but at the request of the PI (or equivalent) the full F&A is not applied, then the waived indirect costs will be treated as the unit’s voluntary cost share.

Note: Some agencies (e.g., the National Science Foundation), prohibit voluntary cost-sharing.

**Unacceptable Forms of Cost Sharing**

It is improper for cost sharing to occur through the following means:

- Using funds from one project (regardless of whether sponsor is federal or non-federal) to meet a cost sharing obligation of another without written approval from both sponsors, unless it is allowable by the terms of a philanthropic gift or other source of discretionary funding.

- Using cost categories that are unallowable as a chargeable expense under the award to meet matching obligations without written approval (e.g., rebudgeting patient care funds without prior approval).

- Using unfunded salary for effort.

**PROCEDURE**
Pre Award Administrator will determine if there is a potential cost sharing/matching contribution arrangement either:

1. During initial review of the program guidelines (or request for proposal) with PI
2. During budget discussions with PI, if the PI requests cost sharing
3. The Pre Award Administrator should also identify the need for any F&A waiver requests

**Cost Share Approvals (Voluntary and Mandatory, excluding NIH salary cap):**
(Refer to specific School/unit policies on cost share requests and approvals for further guidance)

1. Once potential cost sharing/matching contribution has been identified, whether voluntary or mandatory:
   a. PI should work with the Pre Award Administrator to propose a detailed cost share budget and identify the funding sources to cover both direct and F&A costs according to Emory Policy and document what funds will be cost shared. For documentation purposes, a sample worksheet is attached (See Associated Document 1. *Sample Emory Cost Sharing Budget Template / Worksheet*).

2. The Pre Award Administrator will determine who reviews and approves cost share requests and communicate procedure to PI, based on local Department and School/unit guidelines
   a. The PI will submit a written request to the Department Chair, who will then, if necessary, make the request to the Dean and the Chief Business Officer (CBO) of the appropriate School.
      i. The PI may request that Departmental or discretionary funds be used for cost sharing by obtaining the approval of the Department Chair or appropriate School official and the individual responsible for the funds to cover the cost share
      ii. The Department will be responsible for funding both direct and indirect costs on portion of cost share
   b. Commitment of Institutional Resources for cost sharing / matching funds must be reviewed and approved by the appropriate official who is ultimately responsible for funding cost share (Department, School, unit)
   c. If a PI or Department offers cost sharing on a project when there is no requirement imposed by the sponsor (voluntary committed cost sharing) and this activity has not been specifically approved for inclusion of cost sharing in the proposal, then:
      i. The Pre Award Administrator should notify the Department Administrator and not process the proposal until necessary approvals are obtained
   d. School/unit, as applicable, will inform the PI and Pre Award Administrator of their decision.
   e. PI will communicate final outcome of cost share request to Pre Award Administrator. Based on the outcome, PI and Pre Award Administrator will make any necessary modifications to proposal and budget and continue with routing of proposal
      i. Pre Award Administrator will follow up with the PI to ensure that the waiver request has been reviewed
   f. Pre Award Administrator will attach documentation related to the cost share approval when routing the proposal
   g. Pre Award Administrator will prepare a cost-share projection which can be submitted to the Division Director, if a cost-share projection is requested.

Note: If PI wants to include consultation of investigators on an as-needed basis in a grant application or proposal as a means of enhancing the likelihood of success, they cannot refer to these individuals in the budget or scientific narrative as consultants or as investigators offering measurable effort as an in-kind contribution. Such an offer may be considered cost sharing by the sponsor. Instead:

- Named investigators should be designated as “Other Significant Contributors”. This allows the PI to identify individuals who are committed to the scientific development of the project without committing specified measurable effort.
• If the PI does not accept the option above, then the Pre Award Administrator should notify the PI’s Department and the named investigators’ Department, committing that cost share effort

F&A Waiver Approvals
(Refer to specific School/unit policies on F&A waivers and approvals for further guidance)

1. Once potential F&A waiver has been identified:
   a. PI should work with the Pre Award Administrator to determine the F&A waiver amount. For documentation purposes, a sample worksheet is attached (See Associated Document 2. Sample F&A Waiver Template / Worksheet).

2. The Pre Award Administrator will determine who reviews and approves F&A waiver requests and communicate procedure to PI, based on local Department and School/unit guidelines
   a. The PI will prepare a written request and submit to the appropriate office at least 10 business days before proposal deadline. This should occur at the budget development stage (See Budget Development SOP #1004).
   b. Commitment of Institutional Resources for cost sharing/matching funds must be reviewed and approved by the appropriate official who is ultimately responsible for F&A waivers (Department, School, unit)
   c. If a PI requests an F&A waiver on a project when there is no requirement imposed by the sponsor (voluntary committed cost sharing) and this activity has not been specifically approved for inclusion of F&A waiver in the proposal, then:
      i. The Pre Award Administrator should notify the Department Administrator (DA) and not process the proposal until necessary approvals are obtained
   d. School/unit, as applicable, will inform the PI and Pre Award Administrator of their decision.
   e. PI will communicate final outcome of F&A waiver request to Pre Award Administrator. Based on the outcome, PI and Pre Award Administrator will make any necessary modifications to proposal and budget and continue with routing of proposal
      i. Pre Award Administrator will follow up with the PI to ensure that the waiver request has been reviewed
   f. Pre Award Administrator will attach documentation related to the F&A waiver approval when routing the proposal

Note: When waiver requests are submitted after this timeframe, School reserves the right to request full indirect costs

III. RESPONSIBILITY

It is the responsibility of the Pre Award Administrator, in support of the PI, and DA/School to identify sponsor requirements for cost sharing and provide and/or request matching funds, in-kind contributions, or requests to reduce the institutional negotiated rate. Specific obligations include:

Principal Investigator (PI):

• Work with the Pre Award Administrator on identifying potential cost share, providing justification where necessary, and obtaining necessary approvals
• Address any concerns related to cost share approvals with the appropriate approval office

Pre Award Administrator;
• Assist the PI to identify cost sharing matching requirements in proposal solicitations, including:
  o Verify the cost sharing source and that requests for necessary approvals have been submitted
• Assist the PI to document and complete cost sharing/matching requirements including:
  o Confirm and document that the requirements have been met
• Assist PI and Department in the identification and interpretation of cost sharing or matching requirements or prohibitions during the proposal preparation and review process
• Review cost sharing or matching included in the proposal for reasonableness and allowability (i.e., costs not allowed for reimbursement cannot be used to meet cost sharing or matching requirements unless approved by sponsor as in the case of non-recovered indirect costs)
• Confirm that electronic or hard copy documentation states cost sharing and matching requirements
• Set up the cost sharing SmartKey (see Award Set-up SOP #2003)

RAS CENTRAL NOTES:
• Strip checklists/templates from SOP and keep them separate
## SAMPLE Emory Cost Sharing Budget Template / Worksheet

(REFER TO LOCAL SCHOOL/UNIT GUIDELINES FOR ACTUAL FORM REQUIRED)

<table>
<thead>
<tr>
<th>Proposal/Contract Number:</th>
<th>PI Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Number:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Period</th>
<th>Total Voluntary Committed Payroll</th>
<th>Total No-Payroll Committed Non-Payroll</th>
<th>Total Mandatory Committed Payroll</th>
<th>Total Mandatory Committed Non-Payroll</th>
<th>Total Cost Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning date and end date</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Justification for cost share (attach additional pages as needed):

SmartKey (funding source) to support cost share:

**PI name and signature**

<table>
<thead>
<tr>
<th>PI Name</th>
<th>Date</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Department Chair signature (if appropriate)</th>
<th>Date</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>School signature (if appropriate)</th>
<th>Date</th>
</tr>
</thead>
</table>

| Other signature (if appropriate) | Date |

NOT FOR DISTRIBUTION OUTSIDE EMORY UNIVERSITY
# SAMPLE Emory F&A Waiver Form

(REFER TO LOCAL SCHOOL/UNIT GUIDELINES FOR ACTUAL FORM REQUIRED)

<table>
<thead>
<tr>
<th>Budget Period (Beginning date - end date)</th>
<th>F&amp;A Rate Allowed by Sponsor</th>
<th>F&amp;A Rate Requested For This Project</th>
<th>F&amp;A Waiver Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55%</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

Justification for F&A Waiver (attach additional pages as needed):

---

**PI name and signature**

<table>
<thead>
<tr>
<th>PI Name</th>
<th>Date</th>
<th>Department Chair signature (if appropriate)</th>
<th>Date</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>School signature (if appropriate)</th>
<th>Date</th>
<th>Other signature (if appropriate)</th>
<th>Date</th>
</tr>
</thead>
</table>