PURPOSE: This policy provides guidance on the circumstances under which cost sharing is permitted and the responsibilities of the college, the school Dean(s), the academic department Chairperson(s) and the Principal Investigator in situations where Meharry Medical College makes a cost sharing commitment to the sponsor. This policy applies to all sponsored agreements.

POLICY STATEMENT: Cost sharing occurs whenever the college bears a portion of the total project costs of a specific sponsored agreement. Cost sharing utilizes departmental or school resources to partially support an externally sponsored project. It occurs when, for example:

- a sponsor does not pay for all the effort that Meharry employees devote to a project
- a sponsor limits the rate at which it will pay salaries (consistent with the policies of the National Institutes of Health)
- a sponsor pays less than the college’s negotiated rate for facilities and administrative costs
- a sponsor does not cover fees for Institutional Review Board (IRB) review, use of core facilities, or other fees for Meharry services

Once awarded, an agreement to cost share represents an obligation of the college to provide the stated services or assets during the performance of the project. This obligation is binding and subject to audit regardless of whether the cost share is mandatory or voluntary committed.

The college accepts mandatory cost sharing requirements when each of the following conditions have been met:

- The requirement to cost share is documented in the written application guidelines of the sponsor or the terms and conditions of the proposal. If the Office of Research does not already have those policies on file, they will be provided by the Principal Investigator to the Office of Research when the proposal is reviewed.

- The Chairpersons and Dean of the participating academic departments
have reviewed and approved the proposal, completed a Cost Sharing Approval Form, and have agreed to provide the required cost sharing resources (e.g., percent of Principal Investigator’s salary to cover the effort devoted to the project).

In the event that mandatory cost sharing is required for a sponsored agreement, a unique FOAPAL with an activity code will be established in the accounting system to track the obligated cost sharing.

Meharry discourages voluntary committed cost sharing of direct costs on sponsored agreements, but will allow an exception when each of the following conditions have been met:

- The academic department Chairperson responsible for contributing the matching funds has reviewed and approved the proposal and provided a FOAPAL for a permissible fund to cover the cost sharing. The permissible fund must be obtained from the academic Department Chairperson by the Principal Investigator and presented to Office of Research when the application is submitted for review, prior to being submitted to the sponsor.

- The request to cost share has been approved by the Dean of the appropriate school. The Department Chair and Dean's approval must be secured by the Principal Investigator and presented to the Office of Research when the application is submitted for review prior to being submitted to the sponsor.

Voluntary committed cost sharing will not be approved on the proposal if the Dean, Department Chairperson and PI have not assigned and approved a permissible fund to cover the cost sharing expenditures. A completed Cost Sharing Approval Form must accompany the proposal when submitted to the Office of Research. The Office of Research will not submit the proposal to the sponsor without a completed and approved Cost Sharing Approval Form. Meharry Medical College will not accept voluntary committed cost sharing of facilities and administrative costs under any circumstances.

Cost-sharing from non-college sources is only permitted when it is mandatory or in unusual circumstances. If allowed, documentation of the commitment from the non-institutional source must be provided with the submission of the proposal to the Office of Research. Should the project be awarded, the third party must enter a formal agreement with Meharry indicating its commitment to provide reports and
supporting documentation on its contribution for auditing purposes.

DEFINITIONS:

**FOAPAL.** The number assigned in Banner to a fund from which the costs of a project may be paid.

**Mandatory cost sharing.** An institutional contribution of project costs required by either federal statute or award terms and conditions as a condition of receiving an award. Examples of such directives include the National Institutes of Health’s periodic announcement of salary limitations on grants, or the statement on the American Heart Association’s web site that indirect costs may not exceed 10 percent.

**Negotiated rate for facilities and administrative costs.** The rate that Meharry negotiates with the Federal government to cover the cost of administering and providing space for sponsored projects.

**Permissible fund.** A fund that may be used to pay the cost of a specific sponsored project without violating the restrictions placed on the fund by its provider. An unrestricted gift from a corporation or individual, for example, is a permissible fund because it may be used to support any college activity, including any sponsored project. Other examples include the college’s general fund and earnings from unrestricted endowments.

**Sponsored agreement.** A grant, contract, cooperative agreement, subaward, consortium or other agreement in which another organization agrees to provide Meharry with funds to support an activity proposed by the college; or in which Meharry agrees to carry out activities proposed by another organization using monies provided by that organization.

**Voluntary committed cost sharing.** An institutional contribution of project costs independently committed by Meharry in excess of sponsor or award requirements. Some common examples include:
- A percentage of unfunded faculty or senior researcher effort included in a proposal budget or stated in the text of the proposal.
- The purchase of equipment for the project, identified in the proposal, for
which funds have not been requested.

**PROCEDURE:**

**Applying for Cost Sharing:**
A completed and approved Cost Sharing Approval Form must be attached to any proposal sent to the Office of Research with mandatory or voluntary committed cost sharing. Meharry Medical College will not submit a proposal to the sponsor unless the appropriate approvals and funds are in place to supplement the expenses that Meharry will inherit in lieu of sponsor support. The applicant should submit the Cost Sharing Approval Form internally for approval to the following offices:

<table>
<thead>
<tr>
<th>Type of Cost Sharing</th>
<th>Approvals Required on Cost Sharing Approval Form</th>
<th>Additional Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td>• PI signature (e-mail is acceptable)</td>
<td>• Application guidelines or terms and conditions with the mandatory cost share requirements submitted to the Office of Research, if not already on file</td>
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<tr>
<td></td>
<td>• Department Chair</td>
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<td>• Dean</td>
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<td>• Office of Research</td>
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<tr>
<td>Voluntary Committed</td>
<td>• PI signature (e-mail is acceptable)</td>
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<td></td>
<td>• Department Chair</td>
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<td>• Office of Research</td>
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**Accounting for Cost Sharing**
Once proposals with mandatory or voluntary committed cost sharing are awarded, the Cost Sharing Approval Form will be routed with the award notice to the Grants and Contracts Office. Both mandatory and voluntary committed cost sharing will be clearly identified in the accounting system through the use of a dedicated cost sharing activity code. Once the appropriate FOAPALs have been set-up in Banner, the Cost Sharing Approval Form will be routed to the Post Award Office for review. The Post Award office will document the cost sharing commitments in order to monitor cost sharing requirements, and address any identified commitment issues as needed. Activity codes will allow for easy tracking in order for cost sharing commitments to be monitored, effort to be certified by the individual, and appropriate amounts to be added to the research modified total direct costs for the F&A rate proposal. Documentation of the cost sharing will be maintained in the award file for audit purposes.
Faculty, student or staff effort:

When faculty, student or staff effort is committed in a sponsored agreement proposal, it will be identified and tracked on quarterly time and effort reports. Sponsored project funds and their associated cost sharing funds will be listed separately on effort reports, but will be grouped together on the effort report in order to aid in the determination of total certified effort for the sponsored agreement. Each faculty or staff member who provides a cost sharing contribution to a sponsored project(s) must certify the percentage of his/her effort that is devoted to the project(s).

Non-payroll expenses:

Meharry discourages cost sharing of non-payroll expenses due to the difficulty in effectively documenting these types of costs. If cost sharing of non-salary expenses is anticipated on a sponsored agreement, the academic Department Chairperson must provide a permissible fund and means of documenting the costs to the Director of the Grants and Contracts Office or his/her designee in the Controller’s Office. Annually and upon completion of the sponsored agreement, the Principal Investigator must provide a report of cost shared expenditures to the Director of Grants and Contracts or his/her designee in the Controller’s Office.

Institutional Impact of Cost Sharing:

The economic impact of cost sharing to an institution can be considerable. Cost sharing should be limited only to those situations where it is mandated by a sponsor or where Meharry has determined that such a contribution is necessary to ensure the success of a competitive award. Where cost sharing is not required by the sponsor or necessary to ensure the competitiveness of a proposal, Principal Investigators and departments should refrain from making such commitments voluntarily. In all situations, the use of cost sharing should be kept to a reasonable level because of the burden that cost sharing places on Meharry’s institutional resources, and the potential it has to negatively impact the facilities and administrative rate.