



Title: Cost Share Policy for Sponsored Projects
Effective Date: July 1, 2025
Issuing Authority: Senior Vice President for Finance and Administration
Policy Contact: Director of Grants Accounting
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Purpose

The purpose of this policy is to outline the principles and procedures for managing cost sharing (or "matching") commitments on sponsored grants and contracts. Adherence to this policy ensures compliance with sponsor requirements and promotes accurate financial reporting.

Scope

This policy applies to all sponsored programs with cost sharing.

Exclusions

None

Definitions

As used in this policy, the following term(s) have the meaning specified below:

Cost sharing: the portion of the total project costs of a sponsored award that is contributed by the institution or other non-federal sources, rather than being funded by the sponsor. It represents a quantifiable commitment that must be accounted for and documented. Cost sharing can be broadly categorized as:

- **Mandatory Committed Cost Share:** Required by the sponsor as a condition of the award. It is specified in the solicitation or award document and becomes a legally binding commitment once the award is accepted.
- **Voluntary Committed Cost Share:** Not required by the sponsor but proposed by the institution in the grant application and accepted by the sponsor. **Once committed, it becomes a legally binding obligation.
- **Voluntary Uncommitted Cost Share:** Costs incurred that benefit a sponsored project but are not included in the award budget or proposed as cost share in the application. This type of cost share is not tracked or reported to the sponsor. This policy primarily focuses on Mandatory and Voluntary Committed Cost Share.

Policy Statement

Cost sharing represents the portion of a project's total costs that is not borne by the sponsoring

agency but is contributed by the recipient organization or other third parties. The University policy is to only include mandatory cost sharing in the proposal submission. This policy does not preclude exceptions that may be judged appropriate under certain circumstances to make a proposal submission more competitive. These will be determined on a case-by-case basis.

For mandatory cost sharing, a copy of the request for proposal, regulations or guidelines must be submitted with the proposal. All cost sharing must be reviewed and approved by the appropriate Dean and Fiscal Officer (if applicable) on the University's Proposal Transmittal form (PTF). When there is a cash match, an account number must be provided on the PTF for the account funding for the proposed cost share. Excluding matching for the professional schools, all cash matching contributions exceeding \$10,000 must also be approved by the Senior Vice President of Finance and Administration.

Allowable Cost Share Contributions

Cost share contributions must meet the same criteria for allowability, allocability, and reasonableness as costs charged directly to the sponsored project. Generally, allowable cost share includes, but is not limited to:

- **Salaries and Wages:** The value of effort contributed by faculty, staff, or students that is not charged to the sponsored project. This includes fringe benefits.
- **Supplies:** The cost of materials and supplies purchased by the institution for the project.
- **Travel:** Costs of travel directly related to the project that are borne by the institution.
- **Third-Party Contributions:** Cash or in-kind contributions from external organizations directly supporting the project's objectives. In-kind contributions (e.g., donated equipment, services, volunteer time) must be valued consistently with federal regulations (e.g., OMB Uniform Guidance). Any third-party contributions offered as cost sharing require a commitment letter on company letterhead signed by an individual who is authorized to commit the in-kind contribution on behalf of the entity. After the fact reporting to the University will be necessary.

Unallowable Cost Share Contributions

- Unallowable costs as defined in OMB Uniform Guidance, Subpart E
- University facilities such as laboratory space. The use of Mercer University facilities is recovered from sponsors through the application of the Facilities and Administrative (F&A) cost rate. Therefore, offering University space or facilities as cost sharing is not permitted as these costs are F&A, not direct costs.
- Other federal awards – The Principal Investigator (PI) may not utilize funds from one federal award as cost sharing on another federal award. When specifically allowed by the federal sponsor, the PI may utilize funds from non-federal awards as the source of cost sharing on federal awards when specifically allowed by both the non-federal and federal sponsor.
- Use of University owned equipment – Cost sharing of equipment in Mercer University's current inventory is not allowed. The reason is twofold: (1) The sponsor is already

paying for a portion of it through the F&A rate calculation; and (2) the equipment was not purchased for use on this project.

Procedures, Documentation and Tracking

When there is a cash match associated with an award, a separate account will be established in addition to the grant/contract account to track all cost share associated with the award. This account must be budgeted, and the funds must be expended in accordance with the matching requirements of the award notice.

In-kind contributions committed by the University will be manually calculated and/or documented as required by the sponsor for reporting purposes.

For any third-party cost sharing commitments, the third party should provide a written report documenting their contributions.

Accurate and timely documentation of cost share is critical for compliance and audit purposes.

- **Pre-Award Documentation:** All proposed cost share commitments must be clearly articulated in the proposal submission and supported by internal departmental commitments. Approval from the appropriate institutional authorities is required before submission.
- **Post-Award Tracking:** Committed cost share must be meticulously tracked throughout the life of the project.
 - **Effort Certification:** Efforts of individuals committed as cost share must be documented through the institution's time and effort reporting.
 - **Financial Records:** All financial transactions related to cost share (e.g., non-sponsored fund expenditures and third-party invoices) must be maintained and readily auditable.
 - **Third-Party Documentation:** For third-party contributions, formal letters of commitment, valuation methodologies, and detailed records of actual contributions must be obtained and retained.

Reporting Requirements

Cost share performance is typically reported to the sponsor through financial reports.

- **Financial Reports:** Cost share amounts, both actual and committed, are usually reported on the SF-425 Federal Financial Report (FFR) or equivalent sponsor-specific reports.
- **Final Reports:** A final accounting of all committed cost share must be provided at the close out of the award.

Roles and Responsibilities

- **Principal Investigator (PI):** Responsible for identifying and documenting cost share contributions, ensuring that the cost sharing commitment is met and provide the Grants Accounting Office with the documentation necessary to ensure accurate tracking.
- **Department/Center:** Responsible for approving and budgeting departmental cost share commitments and ensuring that resources are available.
- **Office of Research and Sponsored Programs:** Responsible for reviewing and approving cost share commitments in proposals, interpreting sponsor requirements, providing guidance on allowable costs and documentation, and coordinating cost share reporting with PI and Grants Accounting.
- **Grants Accounting:** Responsible for assisting with reporting cost share and ensuring compliance with institutional policies and sponsor regulations.

This policy serves as a general guideline. PIs and administrative staff must always refer to the specific terms and conditions of each grant or contract award and consult with the Office of Sponsored Programs (or equivalent) for clarification on complex cost sharing scenarios.

Website Address

Grants and Contracts Office: <https://grants.mercer.edu/>

History

Revised April 15, 2015

Revised June 16, 2025