Cost Sharing FAQs

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Cost Sharing Requirements

Q. #1 – How do I know whether cost sharing is required by the sponsor?

A. The program guidelines, Request for Proposals, program announcement, etc., will state explicitly that cost sharing is required and will specify the expected level. This information is frequently found in a “Special Instructions” section or in the budget guidelines in the proposal preparation section. Back to top

Q. #2 – What happens if I cannot meet my cost sharing commitment as originally proposed?

A. If the project includes a requirement for cost sharing, it is important that the account be monitored closely to ensure that the PI will meet those requirements. If there is a concern that s/he will be unable to meet the committed amount, it is essential that the sponsor be contacted as soon as possible to request a budget modification or an amendment to the award. Your OSP/SPA pre-award contact should be involved in this communication. If you have not met the cost sharing requirements, and the sponsor is unwilling to renegotiate the amount, it is likely that the funds provided by the sponsor will be reduced by the percentage the shortfall represents. Not meeting the cost-share requirement puts the project at risk of being deemed non-compliant by the sponsor and may force the University to return funding. Every effort should be made to meet the obligated amount using start-up/discretionary funds, unrestricted monies, and/or any appropriate non-federal sponsored awards. Back to top

Non-federal Funds

Q. #3 – Why are we applying federal regulations regarding cost sharing when non-federal sponsors may or may not require such accounting?

A. Since PIs often receive both federal and non-federal funding for research projects, a single cost sharing policy minimizes confusion and reduces the risk of non-compliance with federal regulations, especially in areas of faculty salary cost sharing and effort reporting. A single policy will help provide consistent training and compliance and reduce confusion. Back to top
Q. #4 – If non-federal awards are considered “unlike purpose and circumstance” in the A-21 and Uniform Guidance terminology, why do non-federal funds have to obey the same rules as federal funds when used as cost sharing on a federal award?

A. Since we include both federal and non-federal sponsored direct expenses in the “research base” of the University’s F&A calculations, we must adhere to the stipulations in our Disclosure Statement (DS-2) to the federal government, where we promise a level of consistency in treatment of all sponsored expenditures. Back to top

Alternatives to Cost Sharing

Q. #5 – Do projects with more than one sponsor always involve cost sharing?

A. No; it’s occasionally possible to think of a project as a “multi-funder project”, in which two or more sponsors are funding separate pieces of the project, but no explicit cost sharing is required as a condition of the award. However, if the additional funding is contingent upon the other sponsor’s funding commitment or if voluntarily committed in the proposal, then it is considered cost sharing. Back to top

Q. #6 – Can Harvard offer University support or resources for an event or activity without creating a cost sharing commitment?

A. Yes. Since cost sharing is disadvantageous to the University, it is University policy to pledge participation in a non-quantitative way without an explicit offer to share costs. For example, “Harvard will provide twenty microscopes valued at $3,000 apiece,” constitutes a cost sharing commitment. “Harvard will provide necessary infrastructure and institutional support to ensure that the project moves forward,” would not. Harvard should not commit to cost share significant portions of the University budget for an event or activity because such an offer unhelpfully eliminates organizational flexibility related to Harvard institutional programming and exposes the University to extensive administrative burdens.

When it is not possible to avoid making a cost sharing commitment upon which the sponsor funding is contingent, the amount of cost sharing should be the lowest amount possible, should be for expenses which align with and support Harvard objectives, and should rarely exceed the amount of sponsor funding being offered. Back to top

Q. #7 – Can you give an example of cost sharing as In-kind Contribution?

A. In-kind contributions are those wherein a value of the contribution can be readily determined, verified and justified but where no actual cash is transacted in securing the good or service comprising the contribution. Here are two examples of in-kind contributions: (1) The

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donation of volunteer time valued at a rate that would be reasonable for the time devoted had the volunteer been compensated for the time. For example, if you solicit volunteers from the local high school to help run surveys on a research project without compensating the volunteers, it would be appropriate to value the volunteer’s time at, say, minimum wage for the number of hours volunteered; (2) The donation of non-institution space where such space would normally carry a fee for purposes other than supporting this particular project. This might be utilization of the local Bank Conference Center without having to pay the pre-defined and published rate. In-kind contributions must be documented with official correspondence from the organization providing the in-kind cost sharing to include appropriate substantive documentation such as published rate schedules, time cards for volunteers, etc.

Cost Sharing Form (HUCSF)

Q. #8 – Does all committed cost sharing on the sponsored awards need to be recorded on the Harvard University Cost Sharing Form (HUCSF)?

A. The HUCSF is only required for any revisions to proposed and awarded cost sharing submitted through OSP. The HUCSF serves as each School’s official documentation to OSP to update and revise the cost sharing commitments in GMAS over the life cycle of an award.

Note HMS and SPH SPA do not require a HUCSF to update or revise the cost sharing commitments in GMAS. Please refer to Cost Sharing Policy Appendix C for guidance on using the cost sharing form.

Coding Cost Sharing

Q. #9 – Why can’t the accounting system accommodate cost sharing from another sponsored fund (sponsored cost sharing)?

A. A formal “companion account” requires the use of a sponsored activity-subactivity value with a non-sponsored fund value. Sponsored cost sharing has always been recorded in GMAS as a separate sponsored award using a different activity value. The chart of accounts business rules for sponsored accounts do not allow sharing of activity values across sponsored funds, unless they are segments within a larger project.

Q. #10 – Could you provide an example of the use of a companion account?

A. Let’s assume that your main account is a federal award, fund 123456, activity 234567, subactivity 0001. Your companion account would be a non-sponsored account, fund 000123

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with the same sponsored activity/subactivity combination (234567-0001). Your companion
account coding would be: Tub-Org- 000123-234567-0001-Root. Back to top

Q. #11 – If I’m cost sharing with University funds using a companion account, do I have to
split-code every transaction?

A. No; if it’s more convenient to do so, you can spend the award money on some of the items in
the budget and the cost-sharing funds on others, not necessarily simultaneously, as long as
the companion expenditures are within the period of performance of the award and fulfill the
cost sharing budget requirements as required by the terms and conditions of the award.
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Faculty Effort Cost Sharing

Q. #12 – Is there a required minimum of cost shared faculty time if there is no time being
paid for from the award?

A. There is no required minimum of cost shared faculty time unless required by the sponsor. If
the PI didn’t charge the proposed and committed effort directly to awards, cost sharing will
be required to meet effort commitments. Individual schools may be more restrictive; refer to
your local school policy and guidance. Back to top

Q. #13 – Are salaries that are paid over sponsor-specific caps considered cost sharing?

A. Salaries that exceed a regulatory cap are considered unallowable regardless of how they are
funded. They are not eligible to be used to meet cost sharing commitments, but they do
represent certifiable effort. At Harvard, salaries over a regulatory cap must be recorded in a
companion account to enable complete effort certification and to ensure complete reporting
of the indirect cost bases. Back to top

Q. #14 – If a faculty member under a nine-month appointment budgets and is
compensated for two months of salary but reports three months on a progress report
submitted to the sponsor, is the extra month considered cost sharing?

A. Uncompensated effort over and above the originally proposed commitment is considered
Voluntary Uncommitted Cost Sharing (VUCS) and therefore does not require the use of a
companion account. Back to top

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Q. #15 – If a faculty member requests in the proposal budget a commitment of two months of effort but is only paid for one month directly from the grant, is the remaining one month effort not compensated by the grant considered cost sharing?

A. Yes, this is Voluntary Committed Cost Sharing (VCCS) and the effort should be reflected in the General Ledger and, when appropriate, in a cost sharing companion account. 

Cost Sharing with Equipment

Q. #16 – Can I use existing Harvard-owned equipment to meet my cost sharing requirements?

A. No 

Cost-shared Indirect Costs

Q. #17 – How is unrecovered overhead or under-recovered overhead to be tracked?

A. Unrecovered overhead are the indirect costs when the university fund is used for cost shared direct costs and no overhead will be allocated in the Harvard General Ledger. Under-recovered overhead are the difference of the indirect costs between lower non-federal sponsor indirect costs allowance and University’s negotiated F&A rate. Note that the use of indirect costs in order to meet a cost sharing commitment always requires sponsor’s prior approval.

At the time of reporting of cost sharing and at award closeout, the OSP Research Finance Team will use an internal cost sharing indirect cost calculation summary sheet to document the unrecovered and under-recovered overhead amount based on the cost-shared direct costs provided by the department/local level managing units, and the IDC rate and basis (TDC or MTDC) as approved by the sponsor.

Cost Sharing Revision in GMAS

Q. #18 – Can you provide a few examples of changes in cost sharing that would require a revision of cost sharing commitment in GMAS?

A. Yes. Below are a few scenarios of cost sharing changes during the award which must be reflected and updated in GMAS for compliance monitoring and reporting.
1. Increase or Decrease in Total Cost Sharing Commitments

A revision in GMAS is always required if committed cost sharing total amount on a sponsored award is increased or decreased during the award. If a PI is unable to meet the cost sharing commitment, a request for a reduction must be submitted by the department/local managing unit to OSP/SPA as soon as possible and before the end of the award/project period in order to request sponsor approval. If the sponsor approves a reduction in the request, OSP/SPA will adjust the cost sharing amount in GMAS after receiving the appropriate documentation confirming the sponsor approval of the reduction.

2. Cost Sharing/Matching Funds required for an award with incremental funding

For a multi-year award where the sponsor issues funding annually, the cost sharing commitments can be recorded in GMAS for the entire award period, including the anticipated budget periods where the award funding will be issued in the future years.

However, if the award requires a specific amount or percentage of cost sharing/matching funds to be fulfilled by the awardee within a specific awarded budget period as the condition for releasing future year funding, a GMAS revision may be required to reflect the reduction of the cost sharing and award funding if the matching requirement is not met.

3. Change in Cost Sharing Funding Source

When changing the cost sharing funding source from a University fund to a non-federal sponsored fund and vice versa; or between two non-federal sponsored funds, a request to change the cost sharing source type and the cost sharing account coding in GMAS should be submitted to OSP/SPA for review and confirmation if the change requires sponsor’s prior approval. OSP/SPA will update the cost sharing module and matching fund approval attribute in GMAS accordingly.

When changing the cost sharing funding source from one University fund to another University fund (endowment/gift/unrestricted), and there is no change to the total cost sharing amounts, a revision in GMAS to update the cost sharing account coding is not required. If the award requires cost sharing reporting (i.e., annually or at the end of the award), the department/local level managing unit is required to confirm the updated cost sharing source (the new cost sharing account(s)) and provide the appropriate cost sharing expenses in the General Ledger to OSP Research Finance Team for reporting. If the cost sharing allocation is managed by another office at the school, department/local level managing unit is responsible to contact the office and obtain the cost sharing information.

4. Revision of Approved Cost Sharing Budget Line Items

If the award terms restrict or require prior sponsor approval for any changes to the cost sharing budget line items (e.g., reduction of PI or key personnel committed effort/salary to cover travel costs), the department/local level managing unit should consult with OSP/SPA to obtain sponsor’s prior approval before rebudgeting a cost sharing commitment in GMAS.  

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Cost Sharing Documentation

Q. #19 – The Cost Sharing Policy requires cost sharing commitment must be verifiable from official University records, can you clarify what constitutes “verifiable University records”?

A. Verifiable University generally refers to the cost sharing information gathered and approved in the GMAS system and other supporting documentation (such as email approvals, HUCSF forms etc.) that are completed at the time of proposal, award set-up and during the award. Verifiable university records also include a reconciled Detail Transaction listing of incurred cost shared expenditures posted in the General Ledger when the source of the cost sharing is a University fund or a sponsored matching fund. For subrecipient cost sharing which can’t be tracked in the Harvard’s systems, cost sharing must be verified manually by the departments through subrecipient invoices. In-kind contribution as cost sharing must be manually documented with appropriate substantive information included fair market value of donated goods and services, evidence such as time cards to support volunteer’s fulfilled donated time, etc. See FAQ#7 which provides two examples of in-kind contribution as cost sharing.

Q. #20 – When I generate a detail listing, the fringe calculates on each object code, making it difficult to tell from the GL which fraction of the rate is associated with the cost shared salary. Is it okay to provide a manual calculation for the purposes of cost share reporting?

A. A manual calculation of the applicable fringe rate will suffice for reporting. In order to calculate the fringe associated with a salary charge that you want to cost share you will first, identify the salary amount to cost share, you will then multiply the amount of the salary by the applicable fringe rate for the period and for the salary object code used. Fringe rates can be found on the OSP website, [http://osp.finance.harvard.edu/fringe-benefits-rates](http://osp.finance.harvard.edu/fringe-benefits-rates).