

Ann & Robert H. Lurie Children's Hospital of Chicago

Policy on Cost Sharing: Procedures and internal guidance

The following is intended to provide Principal Investigators and staff with the internal procedures established by the Offices of Sponsored Programs (OSP) and Post-Award Financial Management (PAFM) in implementing Lurie Children's Policy on Cost Sharing.

Definitions:

Concurrent effort (scientific overlap):

Effort funded under a career development award that represents effort that benefits another non-federal award and the goals of the project matches the goals of the career development award. Sponsor permitted concurrent effort does not represent cost sharing.

Cost Sharing:

A commitment by an entity other than the sponsor to provide funding or support, regardless of source or form.

Effort Cost Sharing Calculator:

Tool maintained by OSP to calculate faculty effort and cost sharing amounts, whether voluntary or mandatory when applied against a sponsor cap.

Mandatory Cost Share:

A requirement by the sponsor for Lurie Children's participation in the costs of the supported activity. A cost sharing requirement may specify a minimum fixed percentage of total project costs, a fixed dollar amount, and/or a level of non-federal participation (effort).

Salary cap:

- For Federal grant and Federal pass-through purposes, a statutory limitation on the direct salary that an individual may receive under a Federal award. Each federal agency establishes and publishes its guidance annually regarding statutory limitations.
- For Non-Federal purposes, a sponsor-defined adoption of Federal salary cap standards, may establish its own salary restrictions, or may not have salary restrictions. These requirements are outlined in the agency's proposal requirements and/or award policies.

Voluntary Committed Cost Share:

A Lurie Children's contribution of effort or other costs not required by the sponsor as a condition of the award, which have been specifically pledged by quantifying in the proposal's budget or budget justification.

Potential forms of cost sharing:

Faculty Effort: Lurie Children's cost share may be through a portion of the salary (plus related employee benefits and associated indirect costs) of faculty members participating in the project.

Non-Faculty Effort: These contributions may include effort from non-faculty employees, supplies, services, or other resources or property used for the project and acquired during the period of the award from non-sponsored funds specifically for the project.

Third-Party Contributions: A partner organization involved in the sponsored project, or another third party, may provide cost sharing toward the total cost of a sponsored project.

Costs included in the F&A rate, Unrecovered F&A, and F&A Associated with Cost-Shared Direct Costs: F&A costs accrue to cost shared expenses in the same manner as costs charged to the sponsored award. Unrecovered F&A costs, including F&A costs on cost shared direct costs may be included as part of the cost share commitment only with the prior approval of the sponsor, unless such sponsor specifically allows unrecovered F&A as a form of cost-share by stating so in the funding opportunity.

Variance in a proposal from Lurie Children's appropriate negotiated or internally-established F&A rates represents a form of cost sharing. Variance from these rates is only permitted with expressly written approval of the President & Chief Research Officer and Chief Operating Officer, Manne Research Institute.

Procedures related to Cost Sharing:

Proposal Stage:

Cost Sharing from internal sources:

- When proposed cost sharing is considered in a proposal to an extramural sponsor, the following steps are included:
 - Determination, in consultation with staff of the Office of Sponsored Programs, of if funding opportunity requirements mandate cost sharing, or if PI/project team is considering a form of voluntary cost sharing
 - PI/lead applicant notification to the OSP Grant and Contract Officer facilitating proposal preparation and submission
 - PI/lead applicant discussion of cost share with organizational unit providing cost sharing. As appropriate, this discussion should include the Division/Unit head; Department head, Division/Department administrator; Chief Operating Officer, Manne Research Institute; and Director, Sponsored Programs
 - The OSP Cayuse SP proposal record, cost sharing section, must be completed and reviewed by the OSP Grant and Contract Officer prior to internal routing. Changes, including additions, to the cost sharing section after routing is initiated in Cayuse SP requires concurrence by all prior approvers as well as the cost-sharing unit or party, prior to the application being considered ready to submit.
- Faculty time pledged as cost sharing must be reviewed by the PI and the division head/faculty supervisor (both mandatory and/or committed).
- All other forms of institutional cost share must be expressly approved in the internal proposal routing process prior to transmission of a proposal to the sponsor.
- Concurrent Effort: Where specifically allowed by a sponsor (e.g., NIH K series awards) concurrent effort does not formally represent cost sharing. At the time of proposal and award, OSP grant and contract officers review potential concurrent effort with the PI and appropriate division/department staff. Certification in the form of authorized transmission of a PI's Other Support (current and pending support) ensures that concurrent effort is accurately represented.

Third Party Cost Sharing:

- Third-party contributors must agree to the cost share contribution through issuance of a letter of commitment at the time of the proposal submission. This documentation is presented in the grant application as required by the sponsor, and/or maintained in OSP proposal records.

Just-In-Time Stage:

- During an NIH Just-In-Time process or other sponsor stage where an award is anticipated, OSP staff will review and cost sharing commitments made at the time of the proposal application with the PI and appropriate staff.
- Documentation as requested by the sponsor will be verified in advance of an award. This occurs through communications between OSP staff and the sponsor, with input and additional communication as necessary from the PI, PI division staff, and PAFM staff.
- OSP staff notify both PAFM staff and PI division staff in preparation to document a cost sharing commitment.

Award Stage

- When an award is received, the Office of Sponsored Programs will review and confirm cost sharing requirements as compared to the original proposal prior to acceptance, and review any proposed sponsor terms pertaining to documentation of cost sharing.
- OSP staff review and confirm cost sharing commitments with the PI, the PI's division/department, any other unit of Lurie Children's committing funding toward a cost sharing commitment, and PAFM prior to acceptance and internal issuance of the award.
- Cost sharing documentation reflected in the award is included in award materials accepted by Lurie Children's and sent to PAFM for internal issuance.
- All expenditures which are used to benefit the project must be tracked by the PI's division/department, in conjunction with PAFM.
- As required in the terms of award and/or contract, PAFM staff will document and report cost sharing to the sponsor using the sponsor's required reporting format throughout the term of the award. Prior to submitting reports reflecting cost sharing, PAFM staff confirm appropriate cost sharing expenditures with the PI, PI division and units providing funding toward cost sharing.
- Third Party Cost Sharing: as the third party cost-share is met, the third-party must submit a report to the PAFM staff of the resources actually provided toward meeting their commitment. This report is normally in the form of a letter on the organization's letterhead and signed by an authorized organizational official. It is important to note that Lurie Children's is responsible for fulfilling the total cost share commitments should third party contributors not meet their commitment.

Effort Reporting

- A calculation of unrecovered salary due to imposition of a salary cap does not represent a formal cost sharing commitment to the sponsor. However, it is treated internally as cost sharing as required by a salary cap for effort reporting purposes in order to capture total effort expended on a sponsored project.
- Faculty effort, both directly charged to the sponsored agreement and cost shared, is documented within the OSP grants and contracts system of record (Cayuse SP) and included in Faculty Effort Certification forms. Non-faculty effort and third party cost sharing documentation is reported to PAFM by the appropriate Lurie Children's division/department and/or third party.
- Sponsor requirements regarding documentation of any other form of mandatory or voluntary faculty effort cost sharing are reviewed at the time of award. OSP, PAFM, the PI's division/department, and Research Business Management staff may be involved in management, certification and delivery of this documentation, depending on the sponsor requirements.

Modifications to Cost Share Commitment following an award

- Proposed modifications to cost sharing commitments must be internally approved prior to modifying any previous agreement with a sponsor.
- In the event that a cost sharing commitment requires modification, steps outlined in the proposal stage above are carried out to ensure appropriateness of cost sharing commitment, and approval by all Lurie Children's units involved.
- In these cases, communication with the sponsor about any modification to the award terms is reviewed, certified and communicated by the Office of Sponsored Programs.
- Management procedures outlined in the award stage above and facilitated by the PAFM are then carried out to ensure compliance with award terms.