

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

Cost-Share on Sponsored Programs Policy

Effective Date:

Purpose: To define the cost-sharing policy of Ann & Robert H. Lurie Children's Hospital of Chicago (Lurie Children's) for sponsored awards to ensure compliance with applicable regulations (federal and other) and sponsor-specific requirements.

Background:

The terms "cost-sharing", "matching", and "in-kind" refer to that portion of the total project costs not paid by the sponsor (federal or other). These terms are often used interchangeably and special attention should be given to sponsor definitions and requirements. Cost-sharing can come from an internal source or resources from a third party.

Types of Cost-Sharing:

Mandatory cost-sharing: Costs which must be contributed (by Lurie Children's or a third party) as a condition of an award as described in the funding opportunity and/or in the award document. Lurie Children's will propose and/or provide cost-sharing when required by a sponsor as delineated in a specific program announcement. Such cost-sharing will be limited to the extent and in the manner so required.

Voluntary committed cost-sharing: Costs contributed which are not a condition of the award, but those that are voluntarily committed. These are specifically outlined/described in a proposal budget and/or budget justification, and are incorporated by reference or by budget agreement into an award document. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Sections 2 CFR 200.306 ("Uniform Guidance") states "Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity."

Voluntary committed cost-sharing is discouraged due to the potential redirect of institutional resources from other priorities, impact to the research base used in calculating Facilities and Administrative (F&A) cost rates, added exposure under audit for disallowed costs, and the added administrative burden.

Lurie Children's may propose voluntary committed cost share for:

- Federally funded projects or a federal pass through that uses cost-share as a factor in the merit review of the proposal (voluntary committed cost-sharing), but only to the extent it is both in accordance with federal awarding agency regulations and the criteria for considering voluntary committed cost-sharing during merit review is made explicit in the notice of funding opportunity; or
- A non-federally funded project when it is permitted by the sponsor and necessary due to the competitive nature of the award process (i.e., will be considered in the proposal evaluation process.)

Voluntary uncommitted cost-sharing: Costs which Lurie Children’s or a third-party incurs as part of completing the project, but were not required by the sponsor or disclosed or committed to the sponsor in the proposal budget and/or budget justification.

Third-Party Contributions: Cost share for conduct of the project from non-Lurie Children’s sources, including subrecipients, are third-party cost share. This type of cost share may take many forms including the provision of goods and services, volunteer time, non-compensated employee effort, and/or facilities or equipment usage. A grant or gift from a third party specifically to conduct work for the benefit of another sponsor is not considered third-party cost share for reporting purposes. The value of the third-party cost share must be represented to Lurie Children’s by the third-party based on federal standards for valuing third-party contributions, when such standards are available.

Criteria for Cost-Sharing:

Cost-sharing and matching funds, whether mandatory or voluntary, must:

- Be necessary and reasonable for the accomplishment of the project or program objectives
- Be allowable under the federal regulations or sponsor-specific policy.
 - Funds from other Federal awards cannot be used for cost-sharing unless explicitly authorized by Federal statute.
 - Unless specifically authorized in writing by other sponsors, salary which exceeds an applicable, published Federal salary cap cannot be used to meet cost-sharing obligations. In general, salary over the cap is an unallowable cost and cannot be used to meet cost-sharing commitments. Any exceptions must be documented in sponsor guidance and maintained in the Office of Sponsored Programs in the proposal and award record systems.
 - In order to include unrecovered indirect costs as part of cost-sharing, federal awarding agency approval is required and nonfederal awarding agency approval may be required. Unrecovered indirect cost is the difference between the amount charged to the award and the amount which could have been charged to the award under Lurie’s approved federally-negotiated indirect cost rate.
- Be provided for in the approved budget when required by the awarding agency.
- Be verifiable in the financial records maintained at Lurie Children’s.

Documentation:

Cost sharing expenditures must adhere to the same accounting, financial, legal, and regulatory requirements as direct cost expenditures on sponsored awards and must comply with the following:

- Federal or non-federal sponsored award terms and conditions
- Federal regulations including restrictions for procurement and airfare
- Lurie Children’s sponsored policies and guidelines
- Donor restrictions

Central procedures for tracking cost-sharing and related forms and systems shall be established by the Office of Post-Award Financial Management. The PI's Department, Division, or Research Program overseeing the award with a cost share commitment must collaborate with the Offices of Post-Award Management (PAFM), Research Business Management (RBM) and Sponsored Programs (OSP) to obtain, track, document, verify and approve the cost share throughout the life of the award on a periodic basis. Faculty effort cost share is tracked and verified through effort certification processes, and recorded as part of approved effort level of record in the Office of Sponsored Programs award documentation system.

Failure to appropriately document cost sharing commitments from verifiable official Lurie Children's records could result in requiring the return of funds to the sponsor.

Implementation: In implementing this policy, the Office of Sponsored Programs maintains the Cost Sharing Policy Guidance outlining the cost sharing approval process and documentation requirements at proposal and award stages.

Contacts

Questions concerning the applicability of cost-sharing requirements to a proposal should be directed to Office of Sponsored Programs (osp@luriechildrens.org). Questions concerning post-award administration of cost share commitments should be directed to the Office of Post-Award Financial Management (OSPA@luriechildrens.org)