

COST SHARING

A PRIMER FOR DLC ADMINISTRATORS

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Other Relevant Documentation

Office	What	Where
OSP	Cost Sharing Template Documentation	http://web.mit.edu/osp/www/cost_costssharing.htm
	Valuation and Documentation Guidelines for Cost Sharing which is Funded by MIT and Cost Sharing which is not Funded by MIT	
	Cost Sharing Template Form	
	Policy on Faculty Effort Reporting	
Data Warehouse	Query: Coeus Cost Sharing Data Change Form	http://web.mit.edu/warehouse/metadata/reports/business_area/financial.html#8
	Query: Cost Sharing Commitments by DLC	

What is OMB Circular A-110?

The term *cost sharing* is contained only in the Federal Office of Management and Budget (OMB) Circular A-110.

OMB Circular A-110 (<http://www.whitehouse.gov/omb/circulars/a110/a110.html>) sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants and cooperative agreements to institutions of higher education, hospitals, and other non-profit organizations.

The A-110 standards are instructions to Federal agencies, not to the recipients of federal funds. Federal agencies have flexibility in implementing A-110 regulations that apply to the recipients of federal funds. When an agency's statute specifically prescribes policies that differ from the standards in A-110, the provisions of the statute shall govern.

Definition of cost sharing

Section 23 of A-110 defines *cost sharing or matching* as "All contributions, including cash and in-kind, that a recipient makes to an award."

- *Cash* contributions: The recipient's cash outlay, including the outlay of money contributed to the recipient by third parties
- *In-kind* contributions: Non-cash contributions...in the form of real property, equipment, supplies and other expendable property, and the value of goods and services benefiting and specifically identifiable to the project or program

A-110 makes no distinction between "cost sharing" and "matching"; the difference is usually in the dollar amount:

- Cost sharing is legally defined as greater than 1% of project costs.
- There is no legal definition of matching, but is generally considered to be more than cost sharing. Matching is often referred to as dollar-for-dollar, 2-for-1, or 3-for-1 match on sponsor's funds; for example, NOAA's Sea Grant Program requires 2-for-1 matching, NSF Equipment Awards require dollar-for-dollar.

Cost sharing criteria

Costs must meet *all* of the following criteria to qualify as cost sharing:

1. Verifiable from records.
2. Not included as cost sharing for any other federal program.
3. Necessary and reasonable to accomplish the project.
4. Allowable under applicable cost principles.¹

If a cost is not allowable for reimbursement from the federal sponsor, the cost is not allowable as cost sharing.

¹ See OMB Circular A-21, J Section, <http://www.whitehouse.gov/omb/circulars/a021/a021.html>

To determine whether a cost is allowable as cost sharing, ask yourself, “Could I pay for this cost with the federal money?” If the answer is no, you cannot use the cost as cost sharing. For example:

- a. The salary that exceeds the NIH cap is not reimbursable by NIH; hence, it cannot be used as NIH cost sharing.
 - b. The timing of contributions is important. A cost is valid as cost sharing only if it could have been charged to the federal award. If prior approval is required to charge a cost to federal funds, prior approval is also required to charge the cost as cost sharing.
5. Not paid by any other federal award except where specifically authorized.
An example where use of federal funds for cost sharing is authorized is the College Work Study Program; CWSP dollars are allowed as cost sharing.
 6. Provided for in the approved budget when required by awarding agency.
A sponsor may restrict cost sharing by expense category and require prior approval to rebudget categories.
 7. Conform to other provisions of A-110, as applicable.

Mandatory versus voluntary cost sharing

Cost sharing:

- Is that portion of a project or program cost not reimbursed by the sponsor
- Represents a commitment by the Institute
- Is **mandatory** if it is *required* by the sponsor as a condition of the award.
- Is **voluntary** if it is *offered* by the PI when no mandatory cost sharing requirements exist, or it is in excess of mandatory cost sharing requirements

Note: Whether cost sharing is required by the sponsor or is offered by the PI voluntarily in the proposal, once an award is made, *all* cost sharing proposed becomes a commitment under the terms of the award and, as such, represents a binding obligation of the Institute.

MIT’s current approach to the responsibility for funding the direct and F&A costs of cost sharing is defined below:

Type	Description	Responsibility*
Committed • <i>Mandatory</i>	Required by a sponsor at time of the proposal or award.	DLC pays direct costs, MIT pays F&A.
Committed • <i>Voluntary</i>	Offered by a PI when not mandated by the sponsor.	DLC pays both direct and F&A costs.

* Direct Cost Funding Exception: If faculty member commits sabbatical effort, MIT EB Account 1698000 pays salary of cost shared effort, DLC pays EB.

Cost shared effort – committed versus uncommitted

A-21 provisions require that faculty document through reporting its compensated effort, including cost sharing *mandatory* and *voluntary* **committed** effort, in order to allocate salaries and associated F&A costs to organized research.

OMB issued a memorandum dated 1/5/01 (<http://www.whitehouse.gov/omb/memoranda/m01-06.html>) to address what OMB defined as “donated” time and its effect on the computation of F&A rates. This OMB memo introduced and defined “voluntary **uncommitted** cost sharing,” a term not in A-110 or A-21, and stated that *voluntary uncommitted* effort (donated time) is treated differently from committed effort.

Term	Definition	Accounting Treatment / Documentation
Committed <ul style="list-style-type: none"> • <i>Mandatory</i> • <i>Voluntary</i> 	Cost sharing specifically pledged in the proposal’s budget or award.	Whether mandated by the sponsor or volunteered by the PI, commitments are a condition of the award and must be: <ul style="list-style-type: none"> • Properly documented • Captured in the accounting system • Effort captured in the payroll distribution and/or effort distribution system.
Uncommitted <ul style="list-style-type: none"> • <i>Voluntary</i> (i.e., donated) 	University faculty effort over and above that which is committed and budgeted for in a sponsored agreement. This <i>donated</i> time is neither committed in the proposal nor required in the award.	Faculty do not have to document <i>uncommitted voluntary</i> effort. It is not included in the organized research base for F&A purposes. The value of uncommitted voluntary effort cannot be used to meet MIT’s cost sharing commitments.

Note: When MIT reduces a faculty member’s level of activities dedicated to other institutional responsibilities to shift effort to organized research, the effort is not considered “donated” and MIT **must** reflect this effort in the payroll distribution system and in the organized research base for F&A purposes.

MIT’s cost sharing recommendations

MIT strongly encourages limiting cost sharing to that which is mandated by the sponsor or is necessary to make MIT’s proposal competitive, and strongly discourages offering cost sharing on a voluntary basis.

Cost Sharing in proposals

With proposal preparation the DLC prepares a budget, including all mandated and volunteered cost sharing, in the format and level of detail required by the sponsor. To avoid confusion, commitments of effort or other forms of cost sharing should not be included in the text of the proposal or in “Current and Pending Support” summaries. (If detail is not required by the sponsor, the proposal must be accompanied by as much information about the cost sharing budget and resources as is necessary for internal evaluation of MIT’s ability to fulfill the cost sharing obligation. This detail should be provided in a separate internal budget or on the Proposal Summary Form.)

At the time of proposal, at a minimum, the MIT unit (DLC, School, Provost) responsible for securing MIT funding should be named, along with identified cost objects, if known when the proposal is submitted. Any commitment statements made in a proposal are ultimately the full responsibility of the submitting unit. Letters of commitment should be obtained from subrecipients and third parties, budgeted as sources of cost sharing in the proposal budget. Proposed cost sharing which will not be funded by MIT should be estimated in accordance with the valuation principles described in “Valuation and Documentation Guidelines for Cost Sharing which is not Funded by MIT”.

The DLC submitting the proposal and administering the award is cautioned that it is ultimately responsible for fulfilling the cost sharing commitment proposed. This includes the responsibility for assuring that any other participant in the proposed project meets its cost sharing commitment as well. If proposed forms of cost sharing do not materialize or other circumstance change over time, the DLC must be prepared to identify alternate forms of cost sharing to meet the obligation. The DLC is responsible for the full dollar amount of the proposed cost sharing including situations where the Institute tuition subsidy decreases or equipment purchases offered as cost sharing are purchased at a lesser price than proposed.

Note: DLC administrators must ensure that proposals meet the sponsor’s cost sharing requirements and identify funding sources for both the sponsor-mandated and PI-volunteered cost sharing commitments.

PI effort

PIs are strongly encouraged to limit explicit commitments of contributed effort (i.e., effort at no cost to the sponsor) to sponsored research projects, especially in those instances where contributed effort is not required by the sponsor or is not a significant portion of the PI’s total effort.

Contributed effort of less than 10% over the academic year is not considered to be significant and should not be included in a research proposal, unless the sponsor requires an explicit statement of committed effort.

By limiting contributed effort in this manner, the total amount of Institute cost sharing commitments will be minimized and the PI will not have to monitor and report cost-shared effort.

In those instances where cost sharing is not required as a condition of award or mandated by the sponsor, and less than 10% of an individual’s total effort is expected to be contributed to the project, the statement:

“MIT fully supports the academic year salaries of Professors, Associate Professors, and Assistant Professors, but makes no specific commitment of time or salary to this particular research project.”

should be inserted somewhere in the text of the proposal or on the budget justification page. This statement assures the funding agency that the faculty member will make a contribution to the project but that the expected level of effort is not a significant portion of the individual’s overall effort. This will relieve the PI from the responsibility to identify actual effort spent on the project when the effort is less than 10% of the PI’s total effort.

Important Note: Use of salary paid from the Institute’s Lab Director or Department Head accounts as cost sharing is discouraged because of its negative impact on the Institute’s ability to recover this. If DLCs are contemplating using such salaries as cost sharing, DLCs must discuss in advance of proposal submission, use of Lab Director’s salary with Charlene Placido and use of Department Head’s salary with their relevant Dean’s office. In addition, the Proposal Summary Form must be routed to and signed by either Charlene Placido or the relevant Dean’s office.

Percentages versus dollars

To avoid confusion, OSP recommends committing a total dollar amount, not a percentage, when committing cost sharing. For example, unless otherwise stated, a commitment of “25% cost sharing” means 25% of the total project costs, not 25% of the federal award as indicated in example below.

Example Proposal states “25% cost sharing”		
Proposal budget:	True MIT obligation:	OSP recommendation:
Sponsor funding \$100,000 MIT funding <u>25,000</u> Total Project <u>\$125,000</u>	Since the proposal states “25% cost sharing,” MIT’s obligation is based on the total project costs. MIT’s cost sharing requirement is therefore calculated at $\$125,000 * 25\% = \$31,250$.	If the proposal had stated “\$25,000 cost sharing dollars” or “cost sharing @ 25% of the federal award,” MIT’s cost sharing requirement would be \$25,000; i.e., $\$100,000 * 25\%$.

MIT’s procedures for recording and documenting cost sharing

Please obtain most recent version of documentation guidelines from http://web.mit.edu/osp/www/cost_costsharing.htm

DLC administrators must ensure that all cost sharing commitments made as a condition of the award are met, properly recorded and documented, as the following tables describe. MIT-funded cost sharing (except Graduate Student RA tuition subsidy) is documented in the WBS child account. For all Non-MIT-funded cost sharing (and RA tuition subsidy), DLCs must send cost sharing documentation to CAO and OSP yearly.

All cost sharing documentation will be maintained in DLC, OSP and CAO files.

Considerations:

1. Failure to provide adequate cost sharing documentation may result in disallowance of costs reimbursed from federal funds.
2. If cost shared effort will not be provided as proposed, in some cases sponsor approval should be requested explaining why the effort is no longer required, and the nature of the resources committed to fulfill the cost sharing obligation in place of the effort. For questions about a particular sponsor, call your OSP administrator.
3. For cost sharing not funded by MIT, values for MIT contributions of services and property shall be established in accordance with the A-21 cost principles for allowability and the terms of the federal award. All documentation should include a brief statement describing the basis for determining the valuation for service, material, or equipment.

Cost Sharing Funded by MIT: Guidelines

Type of Cost Sharing	Description	Method for Documenting Cost Sharing
Explicit commitments to cost-share salary/eb	<p>Any explicit commitment (% of effort, \$ contributed salary/eb) to cost share salary and related employee benefits included in a proposal becomes a condition of the funded award and must be separately tracked by project and certified in the effort reporting system. The Institute will absorb the F&A costs associated with cost sharing that is <u>required</u> (mandated) by the funding agency. Funding for F&A costs on cost sharing commitments that are <u>not required</u> (voluntary) by the funding agency must be provided by the DLC. Whenever possible, if the faculty academic year effort is < 10%, the statement "MIT fully supports the academic year salaries of Professors, Associate Professors, and Assistant Professors, but makes no specific commitment of time or salary to this particular research project" should be included in a research proposal. If faculty will devote ≥ 10% academic year effort, this effort must be included in the proposal and separately tracked and certified.</p> <p>Note: Use of salary paid from the Institute's Lab Director or Department Head accounts as cost sharing is discouraged. If DLCs are contemplating using such salaries as cost sharing, DLCs must discuss in advance of proposal submission, use of Lab Director's salary with VPR office and use of Department Head's salary with their relevant Dean's office.</p>	<p>WBS child account for both research and non-research WBS. At the beginning of each MIT fiscal year during the life of the award, the cost sharing \$s will be transferred by CAO from the MIT source cost object (using GL 800702 Cost Sharing - Transfer Out) to the cost sharing WBS child account (using GL 800701 Cost Sharing- Transfer In) on the basis of COEUS data. These amounts will continue to increment the WBS distributable authorized total for the cost sharing WBS. The Authorized total will be increased by the cost sharing funding.</p>
Salaries with vacation accrual expense	<p>Vacation accrual expense is budgeted and incurred in association with some non-faculty/non-student staff labor categories. See Explicit commitments to cost share salary/eb above.</p>	<p>The DLC which budgets the cost shared staff salary must provide the source of funding for vacation accrual expense associated with cost shared staff salaries. See Explicit commitments to cost share salary/eb above.</p>
Commitment of faculty effort while on sabbatical	<p>Commitment of faculty effort while on sabbatical. See Explicit commitments to cost share salary/eb above.</p>	<p>During faculty sabbatical, MIT employee benefit cost object 1698000 will fund the salary associated with cost shared effort. The home DLC must fund employee benefit costs associated with the cost shared effort. See Explicit commitments to cost share salary/eb above.</p>
Explicit commitments to cost-share non-salary expenses	<p>Any explicit commitment to cost share non-salary expenses in a proposal creates a cost sharing obligation which must be separately accounted for by project. For F&A see cost share of salary/eb above.</p>	<p>See Explicit commitments to cost share salary/eb above.</p>

Cost Sharing Funded by MIT: Guidelines

Type of Cost Sharing	Description	Method for Documenting Cost Sharing
Unrecovered Indirect Costs	Unrecovered indirect costs may only be used as cost sharing if approved by the sponsor.	In addition to transferring the cost sharing \$s from the funding source account to the cost sharing child account, CAO will process a JV entry to charge the cost sharing child for F&A U/R (using GL 420317 Cost Shared F&A Under-Recovery) and credit the DLC's F&A Under-Recovery cost center (using GL 420317 Cost Shared F&A Under-Recovery). At the end of each FY after the costing sheets are run, CAO will compare actual U/R incurred to GL 420317 amount. If actual U/R is greater than GL 420317 amount, CAO will process a June entry to fund the difference; if actual U/R is less than GL 420317 amount, CAO will process a June entry to carry forward the difference. In the last year of an award, CAO after discussions with DLC and OSP, will make an adjusting entry to close the WBS.
MIT Tuition Subsidies for Graduate Student RA Effort	MIT subsidies for Graduate Student Research Assistant effort are a common form of cost sharing. (fall & spring RA tuition subsidy is charged to Department's RA Tuition Account 17XXXXX; summer to Institute's Account 1732200)	The DLC should document the name of the student, his/her percent of effort, the period of effort on the project and total amount of the subsidy provided during that period.
UROP	Since the UROP program rarely approves the effort of Institute-funded UROPs as cost sharing, DLC should call OSP for guidance at time of proposal.	DLC should call OSP for guidance at time of award.
Donated Cash from Third Party	Donations of cash from third parties may be used to fund salary and non salary cost sharing expenses.	Donations of cash may be transferred in from gift accounts or credited directly to the lower level cost sharing WBS. When the donation is to be credited directly, the donated amount should be entered on the cost sharing template designating funding source account 9988899. (This funding source account number is a dummy number which has not been created as a SAP WBS, but is held in COEUS.) The Authorized Total of the cost sharing child will be increase to include the third party donated cash. The WBS cost sharing child account will document the expenditure of third party donated cash.

Cost Sharing Not Funded by MIT: Valuation and Documentation Guidelines

Description of Type of Cost Sharing	Description of Valuation Principles	Recommended Method for Documenting Cost Sharing
<p>Volunteer services furnished by individuals (including consultants, graduate and post-graduate fellowship recipients) may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program.</p>	<p>Rates for volunteer services shall be consistent with those paid for similar work at MIT. In those instances in which the required skills are not found at MIT, rates shall be consistent with those paid for similar work in the labor market in which MIT competes for the kind of services involved. In either case, fringe benefits (such as parking) paid by MIT from non-federal resources that are reasonable, allowable, and allocable may be included in the valuation.</p>	<p>Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by MIT for its own employees. Volunteer services provided by individuals must be documented via a letter from the individual. Letters from the volunteer should include: title and award number of the project to which effort was provided, period of effort, amount of effort (in person months), brief description of services provided (including deliverables), and a statement that the source of support for the effort is non-federal and not identified as cost sharing for another program. (If the volunteer provides services on a commercial basis, the DLC may request the rate at which the individual would normally bill such services.) The MIT DLC is responsible for valuing and documenting the valuation the effort. The PI must approve the volunteer's letter, indicating that the effort was received and was an integral and necessary part of the project or program.</p>
<p>Effort of investigators paid by RIKEN, HHMI or other third parties with which MIT has written agreements authorizing application of investigator effort to MIT sponsored research projects</p>	<p>If valued in dollars in proposal or award, must be documented in dollars at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs).</p>	<p>Annually for each investigator providing cost shared effort, the DLC within which the investigator is conducting his/her research projects should prepare a memo to OSP and CAO Sponsored Accounting including the following: 1) List the sponsored research projects to which cost shared effort has been applied including the Project WBS number, sponsored award number, project title, level of effort applied and period during which effort was applied. If the MIT proposal or award valued the volunteered effort in dollars, the effort must be valued in dollars in the documentation memo. 2) A statement signed by the DLC Administrative Officer indicating that the total cost shared effort does not exceed the amount which is authorized under the current agreement with the third party organization. For questions about third party prescribed limits, contact your OSP administrator. 3) A statement signed by the investigator indicating that the effort listed was provided to the designated sponsored research projects.</p>

Cost Sharing Not Funded by MIT: Valuation and Documentation Guidelines

Description of Type of Cost Sharing	Description of Valuation Principles	Recommended Method for Documenting Cost Sharing
Services from a third party employer	When an employer other than MIT furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid. NOTE: indirect costs (F&A) must not be included in the valuation.	Services provided by other employers must be documented via a letter from the organization. Letters from organizations should include: title and award number of the project to which effort was provided, period of effort, amount (in person months) and value of effort for each individual or labor category breaking out salary and benefits, brief description of services provided (including deliverables) and a statement that the source of support for the effort is non-federal and not identified as cost sharing for another program. The PI must approve the letter, indicating that the service was received and was an integral and necessary part of the project or program.
Donated supplies and materials	Value assessed to donated supplies and materials shall be reasonable and shall not exceed the fair market value of the property at the time of the donation. For materials which are not commercially available, contact OSP Office of Cost Analysis for advice.	For commercially available supplies and materials: The DLC receiving the donation should prepare a memo including the following: the federal award number, the award period of performance, description of donated item, donor name, date of receipt of donated materials, and donor valuation of the materials. Each item valued over \$5,000 requires a fair market valuation other than that provided by the donor. This may be in the form of: <ol style="list-style-type: none"> 1. Current catalogue listing (for educational institution if vendor maintains a separate price list for educational institutions). 2. Quotation from vendor (if other than donor). 3. Valuation from independent appraiser providing commercial service in the field. For materials not commercially available: Contact OSP Office of Cost Analysis for advice.
Subrecipient (Subcontractor) cost sharing	All federal cost sharing criteria and requirements apply to subrecipients who have made cost sharing commitments in their proposals.	OSP, Research Subawards Office (RSO) includes cost sharing requirements in the subrecipient agreement, requiring cost sharing reporting on invoices for payment. OSP, RSO audits invoices to confirm subrecipients are meeting cost sharing requirements. DLC review of invoices includes responsibility for determining that the subrecipient has completed sufficient work for the invoice to be paid.
Costs under non-federally sponsored agreement which has	Values for cost sharing expense are established in accordance with the federal cost principles and terms of the federal award. All costs are incurred within the	The non-federal sponsor must approve use of its award as cost sharing and the non-federal award must include terms, which permit Government rights to research results.

Cost Sharing Not Funded by MIT: Valuation and Documentation Guidelines

Description of Type of Cost Sharing	Description of Valuation Principles	Recommended Method for Documenting Cost Sharing
<p>a statement of work which is substantially the same as a federally sponsored cost shared project.</p>	<p>MIT Project accounting system. Only costs incurred during the period of performance of the federal award can be included in the valuation. Any costs which are not allowable under the terms of the federal award may not be included in the cost sharing valuation.</p>	<p>Whenever OSP knows during negotiation of a non-federal award that expenses will serve as cost sharing, OSP includes specific terms in the non-federal agreement which reference its status as cost sharing on a federal award. Documentation must include positive confirmation from the Principal Investigators on both awards, via memo or signed NoAs, indicating that the awards support the same project. The DLC must prepare a memo documenting the cost sharing valuation including identification of all non-federal Project Cost Objects, period during which cost sharing expenses were incurred, and a summary of the cost sharing amount. When the DLC knows that not all expenses related to a particular non-federal sponsored program (like a consortium) will qualify as allowable cost sharing, a separate lower level WBS should be created under the non-federal sponsored program structure, which will isolate allowable cost sharing expenses.</p>
<p>Donated equipment</p>	<p>The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation. The method used for determining cost sharing for donated equipment for which title passes to MIT may differ according to the purpose of the award, if (1) or (2) apply: (1) If the purpose of the award is to assist MIT in the acquisition of equipment, the total value of the donated property may be claimed as cost sharing. (2) If the purpose of the award is to support activities that require the use of equipment, normally only depreciation charges for equipment may be made. Only depreciation charges associated with the period of performance or use (whichever is longer) under the federal award may be included in the valuation. However, the full value of equipment or other capital assets may be allowed, provided that the Federal awarding agency has approved the charges (usually in response to justification provided in the proposal budget explanation).</p>	<p>When the equipment donation qualifies for valuation at the total value of the equipment, the OSP Office of Cost Analysis must be notified, via a memo from the DLC receiving the donation, stating that the item is serving as cost sharing and should not be included in the indirect cost recovery base. The memo should include: the federal award number, the award period of performance, purpose of award (acquisition of equipment or research), description of donated item, donor name, date of receipt of donated equipment, and donor valuation of the equipment. Each item valued over \$5,000 requires a fair market valuation other than that provided by the donor. This may be in the form of:</p> <ol style="list-style-type: none"> 1. Current catalogue listing (for educational institution if vendor maintains a separate price list for educational institutions). 2. Quotation from vendor (if other than donor). 3. Valuation from independent appraiser providing commercial service in the field. <p>When the equipment donation qualifies for valuation based on depreciation charges, follow documentation instructions for equipment depreciation.</p>

Cost Sharing Not Funded by MIT: Valuation and Documentation Guidelines

Description of Type of Cost Sharing	Description of Valuation Principles	Recommended Method for Documenting Cost Sharing
Equipment discounts	Valued by vendor.	Equipment vendor must document the discount; only the amount of the discount above the standard educational discount (usually 20%), can be claimed as cost sharing. Preferably documentation will be provided on the vendor's invoice.
Equipment depreciation	Unless specifically approved by the sponsor (usually in response to justification provided in the proposal budget explanation), only depreciation charges for equipment purchased with non-federal funds may be claimed as cost sharing on awards to support activities that require the use of the equipment. Depreciation charges for equipment purchased prior to the start date of the project may be included. The OSP Office of Cost Analysis should be the source of the depreciation value.	A memo, signed by the DLC using the equipment and the DLC housing the equipment (if different), should be sent to OSP Office of Cost Analysis. The memo should include: the award number, period of performance, description of the equipment used on the research, the MIT inventory ID, the period of use, and a statement confirming that the equipment is solely used on the federal project. The depreciation value will be assigned by OSP Cost analysis team. The Cost Analysis team will exclude the depreciation from the indirect recovery base for that period.

General guidelines:

Values for recipient contributions of services and property shall be established in accordance with the A-21 cost principles for allowability and the terms of the federal award. All documentation should include a brief statement describing the basis for determining the valuation for service, material, or equipment.

For all types of cost sharing, other than subrecipient cost sharing, the DLC should assemble cost sharing documentation and provide copies to OSP and CAO, Sponsored Programs on at least an annual basis. Copies will be maintained in DLC, OSP and CAO files.

Proposal Phase

Responsible Office	Required Action
DLC	Prepare proposal and budget.
	Obtain letters of commitment from subrecipients and third parties.
	Prepare Proposal Summary Form, identify who will be responsible for securing cost sharing, and attach copy of sponsor's requirements for cost sharing.
OSP	Complete COEUS Cost Sharing Proposal Input Form and enter proposal data into COEUS Proposal database.

Award Phase

Responsible Office	Required Action
OSP	Enter sponsor award in COEUS in ACTIVE status.
	COEUS feeds cost sharing data from proposal to award database for Level One WBS.
	Send award and COEUS Notice of Award to DLC.
DLC	Complete Cost Sharing Template Form for each fiscal year of the project period, including both funded and non-funded cost sharing, and send to OSP contact.
OSP	Report to Dean/VPD if completed template not received within one month of transmission of NoA.
	Review DLC's completed Template to confirm that the full cost sharing obligation under the award is described.
	Replace proposal cost sharing data on Level One WBS element with data in completed template.
	If award cost sharing plan includes MIT funded cost sharing, other than RA subsidy, create lower level cost sharing WBS and enter MIT funded portions of the plan.
	Send to DLC revised Notice of Award for Level One WBS including data from cost sharing template.
	Send to DLC NoA for lower level cost sharing WBS.
CAO	Process JV funding entries for all amounts shown on the lower level cost sharing WBS with funding source accounts for the current fiscal year. If F&A U/R is a planned source of cost sharing, process JV entry to charge the cost sharing WBS for F&A underrecovery.

Spending and Monitoring

Responsible Office	Required Action
DLC	Make appropriate payroll distributions to cost sharing WBS.
	Yearly, prior to mid-July, submit to OSP all changes to the cost sharing plan for the current FY via the Cost Sharing Change Form. Source accounts must be provided for all current FY funded cost sharing other than RA tuition subsidy.
OSP	Review DLC's Coeus Cost Sharing Change Form to make sure that the plan for the full obligation under the award is described and source accounts have been provided.
	Report to Dean/VPD if completed change form not received by August 1.
	Enter changes into Coeus and send Change Notice to PI and DLC administrator.
	Monthly, reviews exception report and corrects any discrepancies between cost sharing data entered for the Level One WBS vs the cost sharing child WBS.
CAO	Mid-July, process JV funding entries for all amounts shown on the lower level cost sharing WBS with funding source accounts for the current fiscal year.
	If F&A Underrecovery is a planned source of cost sharing, process JV entry to charge the cost sharing WBS for F&A underrecovery, process annual and final entries to adjust to actual underrecovery.

Documentation

Responsible Office	Required Action
DLC	Annually provide copies of documentation of non-MIT funded cost sharing and RA tuition subsidies to OSP and CAO Sponsored Accounting.
OSP & CAO	Monitor completion of documentation. CAO report problems to OSP; OSP report problems to Dean/VPD.
OSP RSO	Audit invoices to confirm subrecipients are meeting cost sharing requirement.
DLC, CAO, OSP	Maintain copies of non-MIT funded cost sharing and RA tuition subsidy documentation prepared by DLC.

Financial Reporting

Responsible Office	Required Action
DLC	Submit copies of any financial reporting submitted to the sponsor to CAO Sponsored Accounting and OSP.
CAO	When reporting cost sharing for award with subrecipient expense, check with OSP RSO to determine if subrecipient cost sharing should be included.
	In required interim financial reports, report all documented cost sharing.
	Conduct final audit of cost sharing WBS to make sure actuals meet full cost sharing obligation of award. Review DLC documentation for compliance with MIT documentation guidelines.
	Prepare and submit to OSP a COEUS Cost Sharing Change Form and final financial report to make sure cost sharing obligation stated in the award is being reported.
	After full cost sharing commitment has been fulfilled, documented, audited, submit final financial report to sponsor including reporting cost sharing.
OSP	Enter cost sharing close out changes in COEUS.