

**Weill Cornell Medicine Cost Sharing:  
Policy and Procedures**

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**Responsible College Officer**  
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Policy Statement

Weill Cornell Medicine (WCM) encourages, supports and values the efforts of Principal Investigators (PIs) to obtain external funding for their research endeavors. PIs must therefore be given latitude in developing the scientific and financial aspects of their proposals to increase their success in the highly competitive arena of sponsored projects. However, it is essential that the use of cost sharing does not overburden departmental resources and facilities and administrative recoveries.

It should only be offered if clearly mandated by the sponsor or if needed to accurately reflect the resources required to conduct the project. Because cost sharing may involve use of departmental funds, and departments are responsible for research budgets, department chairs may impose limits on the amount of cost sharing volunteered by PIs and staff in their units. All committed cost sharing and matching/in-kind expenses must also conform to WCM and federal policies regarding allowability, allocability and reasonableness, and must be verifiable through documentation.

Reason for Policy

Sponsors and auditors must be able to verify that funds committed to sponsored projects as cost sharing or matching have been provided. Therefore, this policy and its inherent procedures have been developed to ensure that cost sharing on sponsored projects is proposed, accounted for and reported in a manner consistent with the requirements set forth in federal regulations (Uniform Guidance), the requirements of granting agencies and the policies of WCM.

Who Should Know These Procedures

- Senior administration - deans, vice deans
- Directors, department chairs and division heads
- Faculty
- Departmental/divisional administrators
- Finance Personnel - research and accounting service members
- Office of Sponsored Research Administration (OSRA) personnel
- Research compliance personnel

## Contacts

<b>Subject</b>	<b>Contact</b>	<b>Phone</b>	<b>Email</b>
Policy questions	Edward C. Walsh	(646) 962-3632	ecwalsh@med.cornell.edu
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## Applicable WCM Policies and Procedures

- Effort Certification Policy and Procedures
- Proposal Development, Processing, and Submission Procedures
- Charging of Direct Costs to Sponsored Projects Policy

## Applicable Federal Regulations

### [NIH Grants Policy Statement](#)

### [2 C.F.R., Part 200 \(Uniform Guidance\)](#)

## Cost Sharing Overview

### **Definition**

Cost sharing is a portion of a project or program cost that is not reimbursed by a sponsor and as such represents a commitment by WCM. Cost sharing may be required by a sponsor as a condition of an award (mandatory cost sharing) or it may be offered by WCM (voluntary committed cost sharing). Whether cost sharing is mandatorily or voluntarily committed, once an award is made, all cost sharing commitments become obligations of WCM.

When expenses are not paid for by a sponsor, they must be treated as cost sharing, including:

- Effort of a PI and/or other WCM employee devoted to sponsored agreements, including employee benefit costs. In order to qualify as cost sharing, effort must be necessary and reasonable for performance of a project's objectives. Cost-shared effort must be directly related to a project's objectives and must not include time spent on administrative or instructional activities. *Note: if effort is considered to be voluntarily uncommitted (faculty donated additional time above that agreed to as part of an award), it is not considered cost sharing due to the imprecise nature of tracking this type of effort.*
- Supplies and services directly associated with a project. However, it is important to note that sharing of non-personnel costs is discouraged because of the difficulty of documenting them as appropriate direct costs of the project.

It is a PI's primary responsibility to request matching funds according to WCM policy. PIs may request that departmental funds be used for cost sharing, and in this case a department chair must approve the requests. Any requests to use the dean's funds for cost sharing must be approved by the dean.

## Consequences of Cost Sharing

Cost sharing on sponsored research projects, whether mandatorily or voluntarily committed, is included in the organized research direct cost base, which is used in the calculation of the Facility and Administration (F&A) cost rate. An increase in the organized research direct cost base results in a decrease in WCM's F&A rate and, consequently, a reduction of revenue from sponsored projects.

*Note: the majority of faculty-organized research effort is considered mandatorily or voluntarily committed on the part of a recipient. Both mandatorily and voluntarily committed cost sharing are consistent with terms of a sponsored agreement and are captured in the accounting system. Voluntarily uncommitted cost sharing effort is considered faculty-donated additional time above that agreed to as part of an award. The imprecise nature of data concerning the amount of voluntarily uncommitted cost sharing has made it difficult to compute and use as part of rate negotiations and, therefore, it is not included in the organized research base for computing the F&A rate.*

Cost sharing should only occur when a sponsor mandates it, or it has been determined by a PI, in discussion with the OSRA, that such a contribution is necessary to enhance the scientific success of a project. Per the Uniform Guidance (Subpart D, §200.306), [voluntarily committed cost sharing](#) cannot be used as a factor during merit review of applications or proposals. When cost sharing is not required by a sponsor, PIs and departments should avoid any proposal statements that imply the possibility of cost sharing, unless it is approved by the OSRA. Cost sharing should be kept to a reasonable level because of the burden it places on WCM and/or departmental financial resources.

Neither a PI nor a department has the authority to commit WCM resources to cost sharing. Cost sharing must be authorized by the institution, and the vice dean of research must approve the terms and conditions of a project when a PI or department requests a reduction or waiver of F&A costs. If a PI or department offers cost sharing on a project when there is no requirement for such cost sharing imposed by a sponsor (including the NIH salary cap) and the OSRA has not specifically approved inclusion of cost sharing in an application for funding, the department will be responsible for funding both direct costs and F&A costs associated with such a commitment. It is not possible to share direct costs without also sharing associated F&A costs.

## Appropriateness of Cost Sharing

A program announcement for an application may include a requirement to share costs, or the sponsor may insist, during negotiation of an agreement, on a specific contribution to a project as a condition of an award. There may also be situations as described above, where a PI, with the approval of a department chair, has determined that a cost sharing contribution is necessary to enhance the likelihood of success with a competitive award. In instances where a contribution is to be made (mandatorily or voluntarily), the direct cost of such a commitment must be moved from a non-sponsored account to a departmental or project-related cost sharing account. If a project-specific cost sharing account is requested, it will be set up on a case-by-case basis. Further advice regarding implementation of this requirement may be obtained from the OSRA.

The following are illustrations of when cost sharing may be appropriate for sponsored projects:

- Mandatory cost sharing is specified in a program announcement or application package.
- A project sponsor insists on a specific cost sharing contribution during negotiation of an award.

## **Documentation**

If effort commitments referenced in a proposal are not funded by a sponsor, the cost of such effort needs to be treated as cost sharing and accounted for as a project-related cost. The cost of effort should be separately identified, reported and certified in a labor activity distribution report unless there has been a documented decrease in the scope of a project. The OSRA must be informed of all cost sharing.

As a budget submitted with a grant application is regarded as representing the level of funding required to conduct the research described, any award less than the proposed budget could be interpreted as an altered scope of work or a cost sharing commitment. Therefore, PIs are expected to submit a budget that is reasonable in terms of the scope of research proposed. If an award is less than a requested budget, PIs are required to submit a revised budget to the OSRA documenting the reasons for discrepancy between the application and the awarded budget.

When a sponsor accepts cost sharing, it becomes a commitment of WCM. Weill Cornell Medical College will absorb F&A costs associated with cost sharing. PIs, departments and WCM must maintain sufficient documentation to substantiate actual cost sharing contribution, and report cost sharing to a funding agency if required. Documentation of personnel costs occur through a project's labor distribution system.

As an example, if an NIH proposal approved by the OSRA indicated that 50 percent of a PI's effort would be spent on a grant, with only 25 percent of the effort funded from the grant, then the department would be required to allocate, on a PI's Change of Funding Reallocation Form, 25 percent to a federal grant account and 25 percent to a specific research-related cost sharing account.

Roles & Responsibilities

<b>Responsibilities</b>	<b>PI</b>	<b>Department Administrator</b>	<b>Department or Division Chair</b>	<b>OSRA</b>	<b>Finance</b>	<b>Other</b>
Request matching funds or identify in-kind contributions according to Weill Cornell Medical College policy	P		S	I		
Approve department funds to be used for matching funds			P	O	S	
Approve dean's funds to be used for matching funds				O	S	Dean - P
Confirm that matching funds and cost sharing are documented and approved	P	S		O		
Initiate the process of documenting cost sharing and/or matching	P					
Report cost sharing on sponsored awards					P	
Collect money from Weill Cornell Medical College for cost sharing					P	
Provide institutional oversight related to documenting cost sharing and/or matching					P	

<b>Key</b>
P = Primary Responsibility S = Secondary Responsibility O = Institutional Oversight I = Input

Definitions

<b>Term</b>	<b>Definition</b>
<b>Actual Effort</b>	The time that an employee devotes to a particular sponsored project (including time pledged to a sponsor as mandatorily or voluntarily committed cost sharing) or other WCM activity, expressed as a percentage of total effort
<b>Allowable Costs</b>	Costs that (a) are reasonable, (b) are allocable to sponsored projects under the principles and methods outlined in the Uniform Guidance ( <a href="#">Subpart E, §420 – 475</a> ), (c) are given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances and (d) conform to any limitations or exclusions set forth in the Uniform Guidance or sponsored agreement concerning types or amounts of cost items
<b>Committed Effort</b>	The amount of effort proposed in a grant or other project application accepted by a sponsor, regardless of whether salary support is requested for the effort – for example, if an NIH grant application proposes that an employee devote 30 percent of their effort to the grant, with salary support for 10 percent, the committed effort for that employee is 30 percent.
<b>Cost Sharing</b>	The portion of total project costs of a sponsored project that is borne by WCM rather than a sponsor (cost sharing is also referred to as “cost matching”)
<b>Facility and Administration (F&amp;A) Costs</b>	Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity or any other institutional activity (Uniform Guidance, <a href="#">Subpart E, 200.412</a> ).
<b>Institutional Base Salary (IBS)</b>	The annual compensation that WCM pays for an employee's appointment, whether that employee's time is spent on research, teaching, administration or other activities – IBS specifically excludes supplemental compensation paid in connection with faculty practice activities coded as 901010 and paid from a series-nine Physician Organization fund; likewise, IBS excludes compensation for an employee's outside consulting activities and other compensation received from any entity other than WCM.
<b>Mandatory Cost Sharing</b>	Cost sharing required by a sponsor as a condition of obtaining an award - mandatory cost sharing is a binding commitment of WCM and any employee effort that is expended in satisfaction of this commitment must be accounted for in accordance with this policy
<b>NIH Salary Cap</b>	Federally mandated limitation on the amount of salary that may be charged to NIH sponsored grants, cooperative agreements and applicable contracts – the NIH salary cap establishes a maximum annual rate at which an employee can be compensated under an NIH-sponsored project. For example, if an employee spending 50 percent of their effort on an NIH grant has an actual IBS of \$200,000, and the NIH salary cap is \$185,100 (as of January 2016), the appropriate IBS charge to NIH for the employee's effort would be 50 percent of \$185,100, or \$92,550. The difference between this amount and the \$100,000 that would have been chargeable at the full IBS rate may not be charged to any federal project or used to satisfy cost sharing commitments.
<b>Sponsored Project</b>	An externally funded activity that is separately budgeted and accounted for and governed by specific terms and conditions – sponsored projects must be separately budgeted and accounted for subject to terms of a sponsoring organization. Sponsored

Term	Definition
	projects may be funded by grants, contracts or cooperative agreements for research, instruction or public service.
<b>Time and Effort Report</b>	<p>A certified form used by WCM to document the proportion of total effort devoted by an employee to each activity with which they are involved, including sponsored projects, administration and teaching – this document becomes WCM’s official verification that IBS charged to a sponsored project is consistent with actual effort expended on the project. The sum of all reported actual effort percentages on a time and effort report represents an employee’s total effort. By definition, total effort must always equal 100 percent.</p> <p><i>WCM’s supplemental compensation plan is currently under review to ensure that it complies with the provisions of the Uniform Guidance.</i></p>
<b>Total Effort</b>	The effort that an employee devotes in aggregate to professional activities for which they receive WCM IBS compensation – Income from (a) faculty practice activities through the Weill Cornell Medicine Physician Organization for which supplemental compensation coded 901010 is received from a series-nine fund and (b) outside consulting activities or other activities for which compensation is received from an entity other than WCM is specifically excluded from total effort calculation. This exclusion does not pertain to any fixed supplemental income, which must be included in computing total effort.
<b>Voluntarily Committed Cost Sharing (VCCS)</b>	IBS associated with committed effort in excess of effort for which salary reimbursement is requested – VCCS can occur in one of two ways: (a) through a proposal in which committed effort is greater than the effort for which salary support is requested (for example, a WCM proposal promises 30 percent committed employee effort but requests only 10 of percent salary support) or (b) by actually charging a sponsor for less than all of the committed effort actually expended (for example, a proposal contains 30 percent of committed effort and requests 30 percent of salary support, and the actual effort is 30 percent but the grant is only charged for 10 percent of the IBS). VCCS does not include voluntary effort in excess of committed effort for which no salary support is requested or claimed. For example, if a WCM proposal contains 30 percent of committed effort and requests 30 percent of salary support, but 40 percent of effort is actually provided and the sponsor is not charged for the additional 10 percent of effort, the 10 percent does not represent VCCS.
<b>Voluntarily Uncommitted Cost Sharing</b>	University faculty effort that is donated time over and above that which is committed and budgeted for in a sponsored agreement