Minnesota North College

Cost Sharing Policy

Policy

Minnesota North College has established a Cost Sharing policy to provide guidance for proposing and administering cost sharing for externally funded projects, in accordance with Federal, state, and institutional policies. This policy applies to all departments, campuses, and personnel affiliated with Minnesota North College.

Terms and Definitions

Cost sharing or matching funds is a portion of the cost of an externally funded project that is the institution's commitment of resources to supporting project activities that would otherwise be allocated for other college purposes. A cost share (match) is not reimbursable by the funding agency. The two main forms of cost sharing are ***mandatory*** and ***voluntary committed***.

Mandatory cost sharing is a requirement by the funding agency for an applicant to be eligible for an award. *Voluntary committed cost sharing* is not mandated by the funding agency but is voluntarily provided by Minnesota North College to support project activities. Mandatory and voluntary committed cost sharing become obligations once an award is made. Federal regulations require that mandatory or voluntary committed cost sharing be treated consistently and uniformly in documenting, accounting and reporting and should be reflected in any Time & Effort Certification (if applicable to the agreed upon cost share). The expenses associated with cost sharing contributions must be allowable based on the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) and institutional policies.

Acceptable Cost Sharing

Under Federal awards, items committed as cost sharing must meet all the following criteria in accordance with the OMB Uniform Guidance:

- Verifiable from Institute records
- Not included as contribution for any other federally assisted program
- Necessary and reasonable for proper and efficient accomplishment of the project or program objectives
- Allowable as a direct cost under applicable cost principles
- Not paid by another federal award (except as authorized by statute)
- Provided for in the approved budget when required by the federal awarding agency
- Conforms and is applicable to other provisions in OMB Uniform Guidance

Sources of Cost Sharing

The following items may be considered appropriate sources for cost sharing:

- Gifts
- Endowment Spending
- Other non-federal sponsored awards, when permitted
- Program income
- Appropriated departmental funds
- Third party or In-kind contribution (cash or donated goods or services)

Costs Not Acceptable for Meeting Cost Sharing Commitments
The following costs may *not* be used to meet cost sharing commitments:

- Costs pledged as cost sharing for another externally funded project
- Costs under federal awards funded by another federally sponsored program unless authorized by federal statute;
- Costs funded by the same funding source as the sponsored project;
- Costs of construction or renovation of college buildings, except under funding agency approval;
- Costs that are included and reimbursed through the indirect cost rate;
- Overdrafts or costs deemed unallowable according to award terms and conditions;
- Unfunded salary for effort that extends beyond the contractual appointment period (i.e., unfunded summer months for faculty with nine-month academic appointments);
- Any costs not deemed to be necessary and reasonable or do not align with the proposed project.

Procedures for Implementation
Principal Investigators/Project Directors should discuss cost sharing requests with their supervisors, VP of Finance and Facilities, and the Grant Services Director **in advance of** preparing a grant proposal and subsequent budget.

It is important to limit the use of cost sharing whenever possible to not overburden college resources or the ability to recover indirect costs. It is also important to be aware of the compliance implications of both mandatory and voluntary cost sharing. Cost sharing should only be offered if clearly mandated by the funding agency or if a cost share will be explicitly considered by the funding agency when considering grant awards.

Cost Share Approvals
In collaboration, Grant Services and Business Services offices are responsible for determining whether proposed cost sharing complies with the requirements of the sponsor guidelines. Written approval (email or letter) of all cost share sources (e.g., supervisor, dean, VP of Academic Affairs, third party collaborator) is required at the time of the proposal.

Cost sharing commitments must be specifically stated in the grant proposal's line-item budget and described in the budget justification. If the project is awarded as initially proposed, no adjustments to the budget or cost sharing commitment will be necessary. If the awarded amount is less than the proposed amount, any cost sharing commitment should be adjusted accordingly. This is true if the approved budget requires a change in the scope of work.

Cost Share Tracking

It is the responsibility of the Principal Investigator/Project Director and Business Manager to document the fulfillment of cost sharing. Cost sharing is documented through the creation of a separate sub-account (i.e., grant or program) from the externally funded project in the college's accounting system.

- Upon receipt of a Notice of Award, the Business Manager will verify the types and amounts of any approved cost sharing and will establish separate sub-accounts for cost share funds that are linked to the driver tag for grant project budget. Cost share funds will transfer from the initial driver tag to the newly established driver tag (sub-account) to support the funded project.
- Once created, the Business Manager will notify the principal investigator/project director, dean, and grant services director via email of the driver tags established for the cost share and parallel driver tag for the externally funded budget.
- If salary is to be cost-shared, the Principal Investigator/Project Director will need to work with their payroll coordinator to have the accurate payroll distribution set-up for future appointments. If an appointment has already been established, a salary account change must be submitted to the payroll coordinator to re-allocate the salary to the new cost share program.
- For non-salary expenses that have already been charged to a project, it will be necessary to initiate a cost transfer to redistribute the correct percentage of the expense to the cost share program code. All related future charges should be expensed directly to the regular and cost share driver tag.

A grant award will require multiple cost sharing driver tags to be set up when the related cost sharing comes from multiple funding sources (i.e., more than one department or multiple grant project accounts).

Documenting Third Party Cost Sharing (including Subawards / Sub-agreements / Subcontracts)

Cost sharing by a third party does not require the creation of a cost sharing account, but rather the department is required to maintain records identifying the cash contribution (which may arrive in the form of a gift, grant or contract) or non-cash contribution and its fair market value. Documentation sent to the Grant Services and Business Services Offices should include a letter of intent (available through the MNC Grant Services Office) or letter of actual completion, which includes documentation of the basis for determining the value of personal services, material, equipment and other direct expenses as well as written acknowledgement of the contribution, including:

- Name & signature of donor (or subrecipient);
- Date & location of contribution;
- Detailed description of item/service;
- Estimated value of contribution, how value was determined, responsible person making determination;
- Source(s) of contribution;
- Retention of a copy of receipt on file.

For Federal awards, rates should be consistent with those paid by Minnesota North College for similar work, or with market rates when such skills do not exist at the institution and documented similarly. Third party employee services should be at regular rates of pay plus fringe benefits and indirect costs based on negotiated rates (or in the absence of a negotiated rate, the de minimis 15%). Donations of property and equipment cannot exceed fair market value at the time of the donation.

Monitoring Cost Sharing Accounts

Cost sharing almost always occurs continually throughout the life of the project. It is the responsibility of the Principal Investigator/Project Director to ensure that charges are incurred against the cost-sharing program as they occur and in a timely manner to avoid cost transfers at the close of the project.

Project Closeout and Financial Reporting to Sponsors

Principal Investigators/Project Directors should work closely with the Business Manager to ensure accurate reporting of cost sharing on financial reports to the funding agency. When the final financial report is due that requires cost share reporting, the Business Manager verifies that the cost sharing requirement is met.

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