

Harvard Pilgrim Health Care, Inc.
Harvard Pilgrim Health Care Institute, LLC
Office of Sponsored Programs

Policy and Procedure

TITLE: Cost Sharing

PURPOSE:

To inform the research community about the policies and their responsibilities concerning cost sharing.

PERSONS AFFECTED:

This policy & procedure (P/P) applies to all Harvard Pilgrim Health Care, Inc. (HPHC) and Harvard Pilgrim Care Institute, LLC (HPHCI) (collectively, HPHC/I) personnel engaged in research, teaching or research administration activities in support of the charitable and educational mission of HPHC, Inc.

POLICY:

HPHC discourages cost-sharing commitments because such commitments unreasonably burden HPHC/HPHCI with additional financial and administrative responsibilities. Cost sharing requires the maintenance of detailed records that are subject to audit and has the potential to affect negotiated indirect cost rates adversely. However, there are occasions where Sponsors will ask (or require) the PI to donate effort or the effort of his/her staff or where the PI volunteers effort to the sponsor

Cost-shared expenses must be in compliance with the following:

- HPHC's sponsored programs expenditure policies;
- Any additional terms specified by the sponsor;
- U.S. Federal agency guidelines or non-federal program guidelines, as appropriate; and U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards § 200.306 Cost sharing or matching, which requires that cost sharing funds be a) verifiable from the institution's records, b) not used to cost-share on more than one project, c) necessary and reasonable for the sponsored program, d) not obtained from another federal sponsored project, and e) included in the budget for the sponsored project.

Types of Expenditures That Can Be Cost-Shared

Cost-sharing commitments can be met using **direct** costs that are allowable, allocable, reasonable, and consistently accounted for by HPHC. Since all cost-shared expenditures must be verifiable from HPHC's records, the use of a non-sponsored cost share account is required for all cost-shared direct expenses.

Investigator Effort or Research Staff Salary

PIs can commit to expend their effort or research staff effort on a sponsored program without charging commensurate salary to the sponsored fund. Such a commitment of effort binds HPHC to charge research staff or investigator time, including fringe benefits, to a cost share account that makes the expenditure verifiable from HPHC's records. Like all committed effort, cost-shared effort must be certified on monthly effort reports (see Time & Effort Policy & Procedure).

Types of Expenditures That Cannot Be Cost-Shared

For cost sharing on federal awards, any costs that would not be allowed on federal sponsored awards cannot be cost-shared. Like federal direct expenditures, cost-shared costs must be allowable, allocable, reasonable, and consistently accounted for by HPHC.

- Costs that are paid by the federal government cannot be used to meet cost-sharing requirements on other federal awards unless authorized by federal statute.
- Costs representing salaries over regulatory caps, such as the National Institutes of Health salary cap, cannot be used to meet a cost sharing commitment.

DEFINITIONS (see **GLOSSARY** for meaning of the terms listed below):

Cost Sharing — Project costs that are not borne by the sponsor. Cost sharing of effort is the provision of faculty and/or staff time and related fringe benefits that were committed and provided in support of a project but are paid for by other sources of funding. Cost-shared effort in excess of the commitment made in the proposal must be identified and certified.

Committed Effort — Percentage of a researcher's time that has been pledged to a project, regardless of whether the effort is funded by the sponsor or through cost sharing.

Cost Sharing Accounts — Non-sponsored accounts that record cost-sharing amounts.

Mandatory Cost Sharing — Project costs that are not borne by the sponsor but are required as a condition of the award. "Sponsor-encouraged" cost sharing not required as a condition of receiving an award does not constitute mandatory cost sharing.

Matching — For the purposes of this Policy, "matching" is a synonym for "cost sharing."

Over-the-cap Cost Sharing — Portion of a faculty or staff member's salary that exceeds a regulatory maximum imposed by the sponsor (for instance, the National Institutes of Health salary cap). Over-the-Cap cost sharing cannot be used to meet cost-sharing commitments on sponsored programs.

Sponsored Cost Sharing — Costs expended from non-federal sponsored accounts in support of a sponsored program.

Voluntary Committed Cost Sharing — Project costs that are not borne by the sponsor and are not required as a condition of the award, but are offered in the proposal by the Principal Investigator (PI), ordinarily in the form of contributed effort. Voluntary committed cost sharing becomes mandatory once the award is made.

PROCEDURE:

All effort of faculty and staff must be covered by research, teaching, clinical and or administrative/department accounts. The amount of effort over and above what the sponsor will cover, must be charged to a non-federal, non-grant account.

Before applying for a grant or being allowed to be named on a grant where salary and effort are mismatched, other cost sharing is expected, and/or Over-the-Cap cost-sharing is necessitated by PHS regulations, or if effort is Revised May, 2016 volunteered, the PI must discuss the proposal with members of OSP and applicable Departmental leadership and complete Section IV of the SPA.

OSP Time and Effort reports are directly tied to the payroll system, and committed voluntary effort automatically creates an incorrect monthly report. The correct effort must be noted on the monthly time & effort report and certified. (See policy on Time & Effort).

Responsibilities

Principal investigators (PIs)

PIs are responsible for ensuring that cost-shared commitments are fulfilled and that cost-shared expenses are posted to the correct accounts.

Department Administrator

The Administrator is responsible for reviewing the appropriateness of accounts from which cost sharing has been pledged

OSP

OSP is responsible for reviewing proposals to minimize commitments of HPHC/HPHCI resources and for ensuring that cost-sharing commitments are approved by the Department Administrator. OSP is also responsible obtaining documentation of costs incurred to meet cost-sharing commitments and that requests for labor distribution corrections are accompanied by re-certified Time and Effort reports.

REVISION HISTORY:

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| Department: OSP | Title: P&P Cost Sharing |
| Effective Date: 8/1/2020 | Owner: Director, Office of Sponsored Programs |
| Reviewed By/On: 7/27/2020 | |
| Replaces P/P Dated: May, 2016 | |
| Related Documents: Policy & Procedure Time & Effort Policy & Procedure; Policy & Procedure Cost Transfer Policy | |
| References: | |
| Approved By: Charlotte A. Johnson | |