MEMORANDUM

To: Purdue Polytechnic Faculty
From: Richard M. Voyles, Associate Dean for Research
Date: February 14, 2016
Subject: Cost Sharing Guidelines for Sponsored Projects

Cost sharing on a sponsored project, by definition, means that a portion of the costs associated with a project will be provided by a source other than the sponsor. Cost sharing of research implies there are shared benefits of the sponsor’s research agenda or sponsor goals that are valuable enough to attract co-sponsorship from other sources. Therefore, with limited internal resources at both the department and college level, it is necessary to evaluate requests for cost sharing of university funds and prioritize the requests with respect to department/college needs. Furthermore, it is important for all parties in the proposal submission process to understand that Purdue University policy states that cost sharing committed in a proposal becomes a contractual obligation upon award. As part of the reporting process, the project will be required to show that the costs committed as cost sharing were actually incurred and their expenditures benefitted the work of the project.

Cost Share Guidelines:

- It is the PI’s responsibility to demonstrate a benefit to the university/college/department of the requested cost share to help prioritize the request relative to other uses of the resources. It is particularly important to note benefits above and beyond the normal benefits of non-cost-shared sources. Cost sharing resources are limited at all levels, so PIs should not expect cost share contributions simply because it is a program requirement.\(^1\) The PI should not expect a cost share contribution if she/he cannot demonstrate benefit, even in the case of pre-negotiated centers.
- It is the PI’s responsibility to justify that cost sharing will enhance the competitiveness of the proposal. At times, this is obvious, but sometimes it requires understanding what the sponsor is trying to achieve with cost sharing.
- For meeting any cost share, whether mandatory or voluntary, sources are expected to be considered in this order: PI/co-PI effort (e.g. salary), PI/co-PI resources (e.g. start-up, flowback), external partners (e.g. industry, state funds), departmental GTA support, departmental release time, college general funds, EVPRP funds. (This list is representative, not exhaustive.)

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\(^1\) One exception is NSF. The NSB determined cost share is anti-competitive, so all cost share requirements are prohibited without explicit approval of the NSF Director. All such approvals are negotiated with the governing body of university presidents, so benefit has already been determined.
Lack of PI/co-PI commitment may serve as basis for declining a department or college request (e.g. academic-year/summer support). Likewise, lack of department commitment may serve as basis for declining a college request (e.g. GTA assignment policies, course load).

Cost share for corporate research is generally discouraged in any form. PIs should take care in justifying the benefit.

High levels of cost share (e.g. 1-to-1) will generally not be supported by general funds. These should come almost entirely from external sources or PI/co-PI effort.

In short, consider, “Why should funds be diverted away from other faculty colleagues and other Polytech initiatives to support this worthy initiative?” (The college and departments are eager to provide cost share for worthy aims, but demand outstrips the limited resources available.)

If cost share is desired at any level, the following process must be followed:

1. It is recommended that, months before submission, the PI identify cost share requirements and discuss with co-PIs the expected model of contributions to meet mandatory or voluntary cost-share requirements. If external funds are required, identify and recruit sources early.

2. For centers and projects with ongoing RFPs (requests for proposals), the PIs involved must develop annual budget estimates for cost sharing from the college by the end of the fall semester of the next fiscal year.

3. With a break-down of the statement of work, the PI/co-PIs must begin discussions with department heads and business offices of all contributing departments regarding the expected cost share model and secure commitments for a budget in time for step 4.

4. If additional funds are needed, the PI/co-PIs must alert their respective Associate Deans for Research (ADR) with a specific plan for cost sharing at least two weeks before the proposal due date. This plan should include:
   a. A summary of the proposed work, including statement of work for all partners
   b. Justification for cost sharing toward support of department/college strategic objectives (pay particular attention to value above and beyond typical projects with no cost share)
   c. A high-level budget for the entire project, including cost share, developed in concert with the Business Office, to indicate the major sources and sinks of the entire project
   d. A detailed accounting of existing commitments of cost share, including PI/co-PI salary, departmental support (inside and outside the Polytech), other state or outside entity support, and other college support (very important when other colleges are involved)
   e. Evidence of PI/co-PI commitment to the project could be beneficial

In certain cases, it may not be possible to meet the timeline above. These are expected to be rare, as last-minute proposals are discouraged, but cost sharing can still be considered at a lower priority when justified by the PI. In these cases, the burden is on the PI (and co-PIs, at the direction of the PI) to contact the department heads and ADRs as soon as possible to outline a specific cost share plan and justify commitments at each level up the chain. At a minimum, this should include:

- the RFP or equivalent
- a statement of work and list of partners
- a single document of the rough budget with estimates of the expenditures of the department and college in comparison to total expenditures, a cost sharing plan with
contributions aligned in a “bottom-up” fashion, and a justification for the benefits to the department/college.

In an emergency situation, it is not necessary that each item listed be comprised of a formal document, but it is the PI’s responsibility to convey sufficient information to prioritize the request. When requesting exceptional processing, the PI should not assume a note from a Dean or Dept Head substitutes for PI justification of the request.

The cost share process described is bottom-up, in that it begins with the PI/co-PIs and works up to the department, college, and university (Office of the EVPRP). In special cases for which there is a pre-negotiated cost share arrangement, it is appropriate to start with the pre-negotiated arrangement and to confirm commitments with all parties, including the EVPRP. Even then, it is necessary that the PI keep the ADRs informed before contact with the Office of the EVPRP. For all other cases, please do not contact the EVPRP’s office for cost share support without first discussing cost share with the Polytech Research Office.