budget submitted to the granting agency must disclose that the compensation is in addition to the employee’s base salary and describe how the first two conditions of the test are satisfied. Alternatively, the PI/PD can ask the Controller’s Office to seek explicit approval in writing from the grant/business officer of the granting agency after the grant is awarded. (Note that program officers are generally not authorized to permit exceptions to agreements or fiscal compliance policies and practices.)

Benefits

When compensation for faculty, administrators, student workers, graduate assistants or new hires is included in the budget of an external proposal the benefits for that compensation must be included as well.

Benefits for Faculty and Administrators:

Benefits for all employees existing or new hire are dependent on the amount of effort they will be committing on the proposal. The amount of benefits budgeted for the proposal will be proportionate to the amount of compensation requested. Benefits for faculty, administrators, and support staff include the following:

- FICA
- Life Insurance
- Medical Insurance
- Dental
- Employee Assistance Program
- TIAA-CREF/PERF
- Long term disability
- Workman’s Compensation

Student Workers:

Student workers do not receive benefits like traditional employees; however, the university pays a portion of their FICA and this benefit must be budgeted for in proposal budgets. Students are exempt from FICA is they are enrolled. If they will be paid from a grant and will not be enrolled in classes FICA must be included in the proposal budget. FICA for students should be budgeted at 7.65% of the total wages requested.

Cost Sharing

Cost sharing, also referred to as matching, refers to the costs related to sponsored projects that are contributed by the university or a third party other than the granting agency. Shared costs can take the form of cash match or in-kind contributions and can be classified as either mandatory or voluntary.

Definitions of cash match and in-kind contributions may vary among agencies. In the absence of specific guidance, any cost that directly relates to a sponsored project and is absorbed by another university fund will be considered a cash match. Examples of cash matches include
salaries, wages, and supplies. The amounts to be allocated to other fund(s), orgn(s), and account(s) must be identified and listed on the sponsored projects approval form so that budget availability may be verified by the Budget Office, as required by the Provost.

Costs that directly relate to a sponsored project that are contributed by a third party (other than USI or the granting agency) will be considered in-kind contributions. Examples of in-kind contributions include goods or services provided by individuals, businesses, and other organizations in the community.

Cost sharing is considered mandatory when it is required by the agency as a condition of obtaining an award. Mandatory cost sharing requirements are generally addressed in the application instructions, request for proposal, program announcements, or agency guidelines.

Cost sharing that is not required by the granting agency, but offered in the proposal, is considered voluntary. It is important to note that voluntary cost share that is offered in the proposal budget or narrative becomes mandatory if the proposal is accepted by the agency and the grant is awarded. A separate fund will be created for the cost-share.

IMPORTANT: Because voluntary cost share strains finite university resources and reduces the ability to recover F&A costs, USI will contribute cost share only when it is required by the granting agency.

In the event a PI/PD feels that voluntary cost share is necessary, he or she must seek approval from the Provost by submitting a memo describing what is being volunteered (personnel time, equipment, etc.), an explanation of why it is necessary, the $ of the voluntary cost share, and an account number where the funds to pay for the cost share will come out of.

There may be instances when inclusion of administrative, academic, or programmatic support in the proposal narrative is necessary to provide context or explain the proposed activity. Below are examples of language that may be used to avoid the appearance of committed cost share in the proposal or budget narrative.

- Dean X will oversee all aspects of the project as a part of the facilities and administrative costs to be recovered.
- Professor X will provide expert advice on this project, but makes no specific commitment of time or salary to this particular project.
- The University of Southern Indiana will provide lab space and access to [specific] departmental equipment as a part of the facilities and administrative costs to be recovered.

According to OMB circular A-110, federal funds may not be used as matching funds on another federal grant without prior approval of the federal awarding agency. Similarly, unrecovered F&A costs may not be used to meet mandatory cost share requirements without prior approval of the awarding agency. All cost share funds are verified by the USI grant administrator with the Budget Office and a memo is sent with the proposal to the Office of the Provost for approval.