

POST-AWARD ADMINISTRATION

Policy Sequence 10.1.10

Cost Sharing

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Updated: October 4, 2007

Policy Statement

This policy provides guidelines in the proposing, reporting and documenting of cost sharing for sponsored projects received by the California State University Dominguez Hills and managed by the California State University Dominguez Hills Foundation. The purpose of the policy is to insure compliance with the general rules and regulations governing cost sharing, especially those required by the federal government. Some of the sponsoring agencies require the university to share a part of the project costs and that **portion of the sponsored project not borne by the external sponsor is what is known as cost sharing**. Sometimes cost sharing is also referred to as “match”.

Definitions

Cost sharing/Match represents the non-sponsored portion of the costs of conducting a sponsored project. These resources are contributed to the project by contributors that may include the University, foundations, third party entities, and /or individuals.

Types of Cost Sharing:

Mandatory cost sharing refers to cost sharing that is required by a sponsored grant or contract in writing, typically this is required at the Request for Proposal (RFP) stage. Some sponsors require that the recipient of an award provide some level of cost sharing as a condition of the award.

Voluntary cost sharing refers to cost sharing that is not explicitly required by the sponsor or funding agency but is provided by the University on their own initiative. Voluntary cost sharing is further divided into two categories, committed and uncommitted.

Voluntary committed cost sharing refers to cost sharing that is not explicitly required by the sponsor, but is quantified and included in the proposal budget and award. It must be reported and documented.

Voluntary uncommitted cost sharing is defined as effort that is over and above that which is committed and budgeted for in a sponsored agreement. It occurs when faculty or other senior project personnel provide effort above the agreed upon costs sharing. It does not need to be reported and documented.

The University discourages the practice of offering cost sharing on a voluntary basis during the proposal stage, which then becomes voluntary committed cost sharing and a regulated obligation for the University. Only in rare cases, when this type of cost sharing is absolutely essential to make a proposal competitive will it be considered. In these situations, it will require approval by the Office of Research and Funded Projects (ORFP). It is also important to note that the

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following policy and procedure related to allowability and documentation of cost sharing does not pertain to voluntary uncommitted cost sharing, as this type of cost sharing will not be formally documented. Per the [Office of Management and Budget \(OMB\) A-21 Clarification memorandum \(M-01-06\) dated January 5, 2001](#), it is not mandatory to capture voluntary uncommitted cost sharing.

When a proposal is submitted with cost sharing included, the Project Investigator (PI), Department Chair, College Dean, Executive Director of Foundation, Director of Research and Funded Projects, VP for Administration and Finance and Dean, Graduate Studies and Research must sign the CSUDH Proposal Approval Form (green-sheet) to signify that they agree to meet the cost sharing requirements should the proposal be awarded.

When a project is awarded to the University with mandatory cost sharing, it becomes the responsibility of the PI to provide sufficient documentation to substantiate the actual cost sharing contribution and the responsibility of the Foundation is to record and maintain this documentation for reporting the cost sharing to the funding agency. All documentation on cost sharing is subject to audit in accordance with the sponsor's policy for funding, which is provided to award recipients. The following matrix defines the federal criteria for acceptable cost sharing contributions.

The Office of Management and Budgets (OMB) Circular A-110 requires that cost sharing meet all of the following criteria. Costs are:
1. Verifiable from the recipient's records.
2. Not included as contributions for any other federally assisted project or program.
3. Necessary and reasonable for proper and efficient completion of the project or program objectives.
4. Allowable under the applicable cost principles (OMB Circular A-21, or other sponsor regulations if the sponsor is non federal).
5. Not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. Provided for in the approved budget when required by the sponsoring agency.
7. In compliance with the other provisions of OMB Circular A-110.

In addition to meeting the above criteria for allowability, there are more specific guidelines for what is considered acceptable cost sharing contributions and how these contributions should be valued. [Appendix A](#) illustrates acceptable cost sharing contributions, and clarifies appropriate documentation and valuation of these contributions.

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Procedure

1. As defined in the policy, cost sharing refers to costs that are incurred to support a sponsored project that are not reimbursed by the sponsor. At the proposal stage it is determined that cost sharing will be either mandated by the sponsor (mandatory cost sharing), or essential for making a proposal competitive (voluntary committed cost sharing). In either case, it is important that the PI, along with the ORFP develop a cost sharing plan that indicates the cost sharing methods and amounts to be used, and the sources of all funding or in-kind donations. The PI is responsible for obtaining letter of support for 3rd Party in-kind contributions. Once this has been done, the completed Grant Proposal Approval Form (green-sheet) and the Cost Sharing/Matching Proposal Clearance Addendum will be routed for approval by the PI, Department Chair, College Dean, Director, Research and Funded Projects, Executive Director of Foundation, and Dean, Graduate Studies and Research. The signatures certify that if the project is awarded, they will assume the responsibility for meeting all cost sharing obligations timely and accurately.
2. Once an award is received at the Foundation, the Grants and Contracts Administrator (GCA) will review the award and determine if it includes cost sharing requirements. Depending on how the cost sharing requirements will be met, a Foundation account will be established to track the expenditures intended to meet the cost sharing obligation. The Foundation account will begin with an 8@@@ if cash is expected from a non-federal third party to specifically meet the cost sharing requirements of the award. The main award will be under the 5@@@ account. Once the cost share account is established, the GCA will send a letter to the PI explaining that the accounts have been set up to capture the cost share commitment and will reference this policy and procedure. The letter will include the cost sharing commitment report (which shows the total obligated amount and corresponding budget) and a copy of the cost-sharing addendum which was originally signed in the pre-award stage. There will be a place on the letter for the PI to sign, to verify that he or she agrees to comply with the policy and procedure, and confirms that the cost sharing commitment described in the report is accurate. This letter should then be returned to the GCA.
3. During the life of the project, the PI is responsible for ensuring that the cost sharing obligations are met for the award. For externally sponsored cost sharing, all cash contributions made by third parties will be deposited into a Foundation 8@@@ accounts and the PI will be responsible for charging the appropriate expenditures directly to this account in compliance with the Sponsored programs conditions regarding allowable expenses. Similar to all financial transactions for grants and contracts, the GCA is responsible for reviewing these expenditures for compliance with the aforementioned policies and procedures before they actually post to the account. When expenditures are incurred to meet internally supported cost sharing requirements, the expense is posted directly to a department account (university) or an appropriate Foundation account. The PI is responsible for sending the GCA acceptable supporting documentation as described in this policy for each expense incurred to meet the cost sharing requirements, and for ensuring that these expenditures are

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in compliance with this policy and procedure. The documentation should be sent as costs are incurred.

4. For cost shared salaries, wages, and fringe benefits of PI's and staff, the effort will be documented by effort certification statements. The Faculty Workload Summary Form will include the cost-share commitments for each semester. Therefore, it is important that employees understand that by certifying their effort they are verifying that the cost sharing amount reported is accurate. In the event that the effort certification statement is returned stating that the effort was not met, the GCA will work with the PI to find another form of cost sharing to meet the cost sharing obligation.
5. For non-cash cost sharing which is donated from a subcontractor or another external source, the value of the donation should be determined following the same methodology as internal cost sharing unless otherwise stated in [Appendix A](#) of this policy. If the cost sharing is from a University subcontractor with acceptable cost sharing controls and systems, a report of the committed cost sharing from that University will suffice as documentation. Otherwise, the PI along with the GCA should determine the acceptable documentation for this cost sharing.
6. On a quarterly basis, the Foundation will send a cost sharing commitment report along with the rest of the standard reports. It is important that the PI review these reports for accuracy and to monitor the remaining commitment amount to ensure that they will be able to meet the cost sharing requirements by the end of the project. Ninety (90) days prior to the end of a project or budget period (which ever occurs first), the GCA will send a notification to the PD for any cost sharing obligations remaining. The GCA will closely monitor these accounts and work with the PI to meet the cost sharing requirements. If the cost sharing obligations are not met by the end of the award, the GCA will contact the Department Chair and eventually the Dean for a resolution.
7. At the end of the project, the GCA is responsible for completing any reporting required by the sponsor, including cost sharing documentation. Although the GCA will be responsible for coordinating any cost sharing reporting, it is the responsibility of the PD to provide any required supporting documentation not already provided throughout the life of the project.

References/Applicable Guidelines

[OMB Circular A-110, Subpart C, Section 23](#)

[OMB A-21, Clarification Memorandum \(M-01-06\) dated January 5, 2001](#)

Attachment A

Foundation Cost Sharing Policy

Example of Cost Sharing Item	Criteria for Acceptability	Appropriate form of documentation	Valuation Methodology
Salaries and Fringe Benefits	The service is an integral and necessary part of the approved project.	Signed effort certification statement for the appropriate academic terms.	Internal effort for cost sharing cannot be more than the proportionate institutional base salary for that employee. Paid fringe benefits that are reasonable, allocable, and allowable may be included in the valuation.
Employee services outside of the University (either donated by a third party or paid by the University as consultant costs).	Skill provided must be the same skill that the employee is normally paid for.	Invoice for paid effort which describes the related service along with the charge to the department account.	The employee's regular rate of pay plus applicable fringe benefit rates (see above). The rates should be consistent with the rates paid in the labor market.
Indirect Cost Foregone/Waived	Must have prior approval of the awarding agency (usually in the proposed budget). If it was not included in the original budget, prior written approval must be obtained by the sponsor.	Awarded budget or documentation of sponsor approval.	The difference between the awarded F&A rate and the federally negotiated F&A rate, multiplied by the total allowable modified total direct cost base. If approved by the sponsor, this could also be the indirect cost foregone on the cost sharing direct costs.
Equipment Use	The award requires the use of one or all of these three properties, but not the actual acquisition.	Using results from Valuation Methodology - certify the amount (number of months, years, full value etc.) that may be attributed to the project.	Normally only depreciation (according to the published University/Foundation schedule) or use charges (equivalent to what is charged within the University/Foundation) for equipment and space may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed if they are approved by the sponsor.
Building Use			
Land Use			
Equipment	In general, equipment should not be used to meet cost sharing requirements, as it is used in the development of the F&A cost rate. It is only acceptable if specifically required by the sponsor.	Justification of why it needs to be used for cost share, and proof that it will not be included in the University F&A rate. Also include the PO and invoice and justification of allocability (i.e. the equipment is not being used for something else too).	The value of equipment used for cost sharing shall not exceed the fair market value of equipment of the same age and condition. The Office of University Advancement Acceptance of Gifts form should be used to value equipment donated from a third party.
Supplies: Expendable equipment, laboratory supplies, and/or workshop supplies	The supply is necessary for the approved project.	Detailed ledger of account which supported costs with appropriate expenditures highlighted.	Actual costs incurred.
Travel Costs	The travel is necessary for the approved project.		Actual costs incurred which are compliant with the University travel policy.
Software	The software is necessary for the direct benefit of the project.		Fair market value net of any educational discounts for which the University or Foundation may qualify.