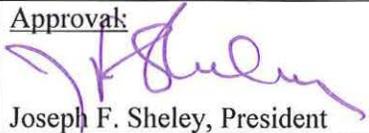


<u>Subject:</u> Sponsored Programs Cost Sharing Policy	<u>Division Name:</u> Business and Finance	<u>Approval:</u>  Joseph F. Sheley, President
		<u>Date:</u> 10/2/15

**A. Purpose**

At California State University, Stanislaus (University) all grant and contract awards are made to and accepted by the University. It is the policy of the California State University (CSU) that each campus shall establish and maintain procedures to properly monitor and document any committed cost sharing in compliance with applicable regulations and agreements. In general, cost sharing shall be offered in a proposal only when it is a requirement of the request for proposal or the program announcement. This policy establishes compliance with this requirement by the University.

**B. Scope of Policy**

The CSU requires that each campus conducting research, instruction, and/or other sponsored work under grants, and other agreements with the federal government comply with the specific guidelines required by the external sponsor of a project and the general guidelines established in 2 CFR Part 220 and Part 215 as well as the Office of Management and Budget (OMB) Uniform Guidance with regard to cost sharing and related matters, as applicable.

All University departments and organizations conducting research, instruction, and/or other sponsored work under grants, and other agreements are required to comply with the Sponsored Program Cost Sharing Policy.

**C. Definitions**

Refer to *Glossary of Commonly-Used Terms in Sponsored Programs*.

**D. Policy**

“Cost-Sharing,” “Matching,” or “In-Kind” contributions are defined as the portion of the cost of a sponsored project that is borne by the University as a specific contribution to a project. They can be represented by both direct and indirect costs. Indirect is also referred to as Facilities and Administrative (F&A) costs or Overhead costs; however, for the purposes of this policy, the word “indirect” will be used instead.

When cost sharing is a requirement of sub-awards, such commitment is included in sub-award documents, monitored and appropriately reported to the sponsor. Cost sharing must be consistently applied in proposing accumulating, and reporting costs both to external sponsor and within the campus. Regardless of the source, all cost-shared expenditures must be allowable in compliance 2 CFR Part 215 and as more specifically stated in Part 220. Cost share must be:

- Verifiable from University records.
- Necessary and reasonable for proper and efficient accomplishment of the project’s objectives.
- Identifiable in the approved budget when required by the prime sponsor.
- Provided during the project period.

The University supports sponsored activities of its faculty, and ensures that its cost sharing commitments do not overburden its resources. Cost-sharing should be limited only to those situations where it is an eligibility requirement for a proposal submission, or when it will provide a competitive advantage. Such an advantage is often marked in the program description by stating that institutional support and/or cost-sharing is included as a review criterion.

**Once cost-sharing is included and quantified in a sponsored project proposal budget and/or budget justification, it becomes a CSU commitment and must be honored.**

### **In-Kind Cost Sharing and Valuation Methods**

In-kind cost share may be in the form of real property, equipment, supplies, and other expendable property, or goods and services directly benefiting and specifically identifiable to the project. This type of cost share is allowable provided that the value can be established by reliance on what those goods or services would bring in the open marketplace.

- Values for in-kind cost sharing must follow the applicable cost principles of 2 CFR Part 215 and Part 220. The University can only offer as in-kind cost share those goods and services when the value can be verified from its records. Usually such verification can only be made when the University has paid someone for something; then an appropriate portion of that cost may be used as cost sharing. Volunteer (uncompensated) services of the University employees cannot be used in most cases. If employee volunteer time is deemed allowable, approval is obtained during the proposal signature routing process.
- Methods used to value in-kind contributions come from guidelines from the prime sponsor and 2 CFR Part 215 and Part 220. In-kind cost sharing is generally valued based upon the actual cost of goods and services purchased from individuals and entities external to the campus. In the case of in-kind effort contributions, cost sharing is generally valued based upon the actual salaries of individuals, assuming the individual is doing a job on the project related to his/her work. Volunteer services must be valued based on market rates for work being performed or by using the California Employment Development Department determination.  
<http://www.labormarketinfo.edd.ca.gov/>

### **Examples of allowable cost sharing in most cases include the following:**

- **Salaries of faculty** devoting an attributable and verifiable portion of their compensated time to a specific sponsored project. If granted release time by their department/college, the assignment must tie to University records and other supporting documentation for verification of time released.
- **Salaries of exempt/non-exempt employees** devoting an attributable and verifiable portion of their compensated time to a specific sponsored project. If granted release time by their department/college, the assignment must tie to University records and other supporting documentation for verification of time released.
- Fringe benefit costs associated with the contributed effort listed above.
- Indirect costs on the salaries and benefits listed above.
- Other direct costs, such as travel or equipment, paid for from sources other than the prime sponsor and directly attributable to support the project.
- Foregone indirect costs where the University requests less than its approved rate and where the sponsor does not prohibit the use of foregone indirect costs for cost sharing. In all cases, mandatory and/or voluntary cost sharing, the sponsor must approve the use of foregone indirect as cost sharing.
- Project costs financed by cash contributions from the University.
- Project costs represented by in-kind contributions from the University.
- There may be times when cost share is not required as part of the request for proposal or program announcement, however, additional funding is needed to fulfill the desired objectives and scope of work for a particular program. In these situations, the voluntary cost share must be initiated by the PI and approved by the chair/dean. A specific dollar amount with a corresponding chartstring must be identified at that time. Additional campus approvals will follow when the proposal is routed for signature.

**Examples of unallowable cost sharing include the following:**

- Uncompensated voluntary employee time. Volunteer services of University employees (faculty, staff or students) are NOT allowable in most cases. However, there are two exceptions:
  - Uncompensated student time for work performed directly related to meeting the objectives of the project. Note: Student cannot then receive compensation from the project or receive federal work study on a federally-funded project.
  - Faculty time outside of the faculty union contract, specifically during the summer, for faculty with an academic year appointment. The work performed must be directly related to meeting the objectives of the project. For example, with University approval, an academic year faculty or staff member can volunteer (uncompensated) time for cost sharing during the summer.
- Salaries of deans, associate deans and chairs, and wages for college administrative support should not be used as cost share on a sponsored project because their primary assignment is administrative and does not normally include grant and contract activities; any release should not be tied back to the University workload unless specifically allowed by the sponsor agency.
- University/Foundation-owned space and equipment.
- Any cost that duplicates the type of costs in the campus/Foundation F&A pool.
- Costs used as cost sharing on another project.
- Using federal funds to cost share for another federally-funded project unless specifically allowed by the printed guidelines of the program or federal statute.
- Earned income under the project except when expressly authorized by the prime sponsor.

**E. Roles and Responsibilities****Pre-Award****Office of Research and Sponsored Programs (ORSP)**

- Confirms with PI that cost-sharing will be requested.
- Ensures that the cost-share commitment is identified in the proposal budget. Labor costs included as cost sharing, including in-kind contributions of faculty time (contributed Reimbursed Release Time), will be included in the cost sharing project budget.
- Ensures the reasonableness and appropriateness of all cost-sharing on projects by clearly identifying cost-share commitments in the proposal's budget and budget justification. The same expense cannot be committed multiple times as cost sharing, e.g., the same piece of equipment cannot be included as a cost share commitment on multiple projects.
- Evaluates the workload implications of proposed cost-sharing to ensure that a PI's total effort does not exceed 100 percent and approves a PI's cost-sharing commitments at the time of proposal submission in consultation with faculty affairs.
- Ensures cost sharing on federally-funded projects meets the same eligibility requirements as other expenses on any federal award: costs must be reasonable, allowable and allocable under OMB Uniform Guidance, in addition to being necessary for the completion of the project. A cost share commitment must also be reasonable, necessary, allowable and allocable under the sponsoring agency's guidelines
- Obtains written pre-approval for cost sharing or matching from the College Dean or appropriate administrator.
- Obtains chartfield string where cost match will be recorded and includes in Proposal Routing Form.

**Principal Investigator (PI)**

- Communicates the rationale for the cost-sharing to the Dean and Department Chair, and obtains their approval for the cost-share request.

Department Chair or College Dean

- Approves any proposed cost-sharing that will be funded from a department account and evaluates faculty work-load.

Post AwardPrincipal Investigator (PI)

- Maintains and provides records that support cost-sharing and assists with the preparation of Cost Share Reports to the sponsor as requested by the funding agency.
- Obtains proper documentation of those contributions when third party cost sharing is used.

Grant Administration (GA)

- Ensures compliance with the agency and federal regulations.
- Records appropriate cost share figures on financial reports to the sponsor.
- Ensures that all expenditures are *reasonable, allowable, properly allocable*, and treated *consistently* per Allowable Costs policy and procedures and adheres to OMB Uniform Guidance.
- Ensures that cost share commitments are recorded in the CFS Sponsored Program database.
- Maintains a log of all realized committed cost that includes information identifying the chartstring/account where the committed costs are located.
- The value of cost-shared labor is verified with the University's payroll records.
- Ensures that cost-shared labor is certified by the PI as part of the effort reporting process.
- Obtains documentation detailing the cost sharing contribution from sub-recipients and third party contributors. Grant Accountant completes the *Cost Share Match Contribution Form* and attaches the itemized CFS statement of the matching account referenced and then submits to the Post Award Grant Specialist for review and approval upon fulfillment of the cost match. The Cost Share Match Contribution Form is then forwarded to the PI for review and approval. Once approved the report and documentation is returned to Grant Administration where it is kept in the grant accounting file within Financial Services.
- In the case of a cash match, works with the appropriate administrator to transfer funds into a unique project code where applicable cost-share expenses can be recorded.

**F. Procedures**

Cost Sharing procedures and documents are identified below:

- Sponsored Programs Cost Share Procedure

**G. Laws, State Codes, Regulations and Mandates**

- Executive Order 890
- COGR Management Practices Document – <http://www.cogr.edu>
- Laws, State codes, Regulations, and Mandates and other guidelines as provided by sponsors.
- Code of Federal Regulations 2 CFR PART 220 (formerly known as OMB Circular A-21), Section J.10.  
<http://www.whitehouse.gov/omb/circulars/a110/a110.html>  
[http://spa.calstate.edu/policies\\_procedures/index.shtml](http://spa.calstate.edu/policies_procedures/index.shtml)
- 2 CFR 215 (formerly known as OMB A-110), Subpart C, Section 23 – cost Sharing or matching.  
[http://www.whitehouse.gov/omb/circulars\\_a110/](http://www.whitehouse.gov/omb/circulars_a110/)
- <http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a110/2cfr215-0.pdf>
- **Reference Materials and Guidelines:**
  - Factors to consider prior to offering cost-share:
    - If resources are committed to a project unnecessarily, then they are not available for instances when cost sharing is required.

- Cost sharing – including faculty and staff effort, and non-labor cost sharing dedicated to organized sponsored projects – must be appropriately classified for the calculation of an institution’s Facilities and Administrative (F&A) cost rate. Cost sharing can have the effect of eroding the campus F&A cost rate.
- All cost-sharing, even voluntary, must be tracked and accounted for in campus records. Failure to appropriately account for cost-shared expenditures increases audit risk.
- Documenting and managing cost sharing activities is time consuming and expensive.
- Faculty members who have multiple awards could become over committed, resulting in an inability to substantiate the promised levels of effort.

#### **H. Resources**

- Glossary of Commonly-Used Terms in Sponsored Programs