

University and Foundation Policy on Use of Cost Sharing or Cost Matching in Externally Sponsored Projects

February 15, 2001

Many funding agencies require cost sharing by the recipient institution. Cost sharing refers to the portion of the project or program cost that is not reimbursed by the sponsor. It may be required by the sponsor as a condition of the award (mandatory) or it may be offered by the California State University, Long Beach (University) in excess of mandatory cost sharing requirements (voluntary). Whether cost sharing is required by the sponsor or is offered by the University or Project Director voluntarily, once an award is made all cost sharing commitments are considered to be mandatory, and as such represent binding obligations of the University and California State University, Long Beach Research Foundation (Foundation).

Cost sharing refers to the sharing of actual program or project costs. Whenever applicable, the University will show in the approved budget or other appropriate document which program or project costs will be borne by the University and which will be borne by the sponsor. Cost matching is a specific form of cost sharing, which means that the institution must provide additional resources for the program or project expenses in some proportion to the amount to be externally funded. Cost sharing is agreed upon in advance of proposal submission via the completion of the California State University, Long Beach (CSULB) Grant Proposal Internal Clearance process and approval by all parties of the proposed cost share as indicated in the budget and budget justification. When the award budget differs from the submitted budget, then the Associate Vice President for Research and Sponsored Programs (AVPR) must be involved in the review of the award prior to its acceptance by the Foundation.

The University and Foundation must ensure that cost sharing commitments for grants and contracts are recorded on proposals, accounted for, and reported in a manner consistent with the terms of the individual award and the general requirements set forth in federal or other applicable regulations. Care must be taken during the proposal preparation process to ensure that all potential cost sharing commitments are recognized and approved. All cost-sharing commitments must be clearly stated in the budget explanation of the proposal. Project Directors are cautioned not to imply cost matching that is not included in the budget, because the University and Foundation may be held responsible for implied cost matching.

The University discourages the practice of offering unnecessary cost sharing on a voluntary basis. University and Foundation resources should only be committed in those instances where cost sharing is mandated by a sponsor or is necessary to make a proposal competitive. In all situations, the use of cost sharing should be kept to a reasonable level because of the burden that it places on University and Foundation resources. Throughout the project's life, the Project Director, the University and the Foundation must maintain sufficient documentation to substantiate the actual cost sharing contribution and report 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.

All matching contributions, both cash and in-kind, must adhere to the following criteria as required by OMB Circular A-110.

1. Are verifiable from the recipient's records.
2. Are not included as contributions for any other federally assisted project or programs.
3. Are necessary and reasonable for proper and efficient completion of the project or program objectives.
4. Are allowable under the applicable cost principles (OMB Circular A-21, or other sponsor regulations if the sponsor is non-federal).
5. Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget when required by the sponsoring agency.
7. Conform to other provisions of Subpart C, Section 23 of OMB Circular A-110.

Acceptable Cost-Sharing Items

Cost sharing or matching may consist of the following cost elements used to further project objectives.

1. Salaries of University faculty or staff who are paid by the University/Foundation, and who devote a percentage of their compensated time to a sponsored project, without receiving reimbursement from the sponsor.
2. Fringe benefit costs associated with contributed effort as described in Item 1.
3. Indirect costs foregone, including rent and occupancy costs, where the Foundation requests less than the federally approved negotiated rate, and where the sponsor does not prohibit the use of indirect foregone as cost sharing. This usually requires federal pre-approval.
4. Other direct costs, such as supplies, equipment, non-capitalized assets, or travel that are paid for from allowable funding sources.
5. Project costs financed by cash contributions by the recipient, or by cash from third parties.
6. Contributions of services and property donated by recipient or third parties (non-federal public agencies and institutions, private organizations and individuals), provided that the values are established in accordance with the applicable cost principles.
7. Verifiable Volunteer time, if permissible by the sponsor.

Specific procedures determining allowable in-kind matching contributions and establishing the related value

1. Personal services, whether volunteer or paid, by professional, technical, consultant, and other skilled and unskilled labor, which are furnished, can be counted as cost sharing if the service is an integral and necessary part of a project.
 - 1.1. Rates for personal services should be consistent with those paid in the organization which provides the cost sharing. When that is not possible, rates should be consistent with those paid for similar work in the labor market. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

- 1.2. Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the organization for its own employees.
2. Values for contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipient or other organization to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of A or B, below.
 - 2.1. The certified value of the remaining life of the property recorded in the accounting records at the time of donation.
 - 2.2. The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.
3. The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may differ according to the purpose of the award, as indicated below.
 - 3.1. The total value of the donated property can be claimed as cost sharing if the purpose of the award is to assist the recipient in the acquisition of equipment, buildings, or land.
 - 3.2. In the absence of specific federal approval, only the depreciated or use charge of equipment, buildings, or land can be used if the purpose of the award is just to support the activities that require the use of equipment, land, or buildings.
 - 3.3. The value of donated land and buildings may not exceed its fair market value at the time of donation, as established by an independent appraiser (e.g. certified real property appraiser or General Services Administration representative) and certified by a responsible official of the Foundation.
4. Contributed supplies may include such items as expendable equipment office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.
5. The value of donated expendable personal property shall be reasonable and shall not exceed the market value of the property at the time of the donation.
6. The value of donated software must be shown net of any educational discounts for which the University or Foundation may qualify.
7. The value of donated space shall not exceed the fair rental value as certified by an independent appraiser, of comparable space in the same locality.
8. The value of loaned equipment shall not exceed its fair rental value.
9. Cost sharing obligations must be firm commitments agreed to in writing by an authorized signer.

Cost Sharing Procedures and Responsibilities

During the proposal preparation process the Project Director, with the assistance of the Office of Research and Sponsored Programs (ORSP), will:

1. Determine the need for cost sharing and obtain a copy of the sponsor's written policy (if available).

2. In consultation with the appropriate department, college, division, or other offices, develop a cost sharing plan which indicates the cost sharing methods and amounts to be used, and the sources of all funding or in-kind donations. For the purpose of requesting contributions or donations of tangible property for use in meeting cost-sharing requirements, the University Relations and Development Proposed Acceptance of Gifts form may be used as the estimated value. However, for the purpose of accepting a contribution or donation to meet cost-sharing requirements, review by the Foundation in accordance with applicable cost principles is required.
3. Review the proposal plan with the AVPR and the Foundation in order to resolve any questions concerning appropriateness, allowability, reporting, and documentation requirements and any other related issues.
4. Fill out the Grant Proposal Internal Clearance Form and the Cost Sharing/Matching Proposal Budget and budget justification to be routed for approval along with the proposal. Be certain that cost sharing obligations are firm commitments which are agreed to in writing by an authorized signer.
5. Submit the Grant Proposal Internal Clearance Form and Addendum to the ORSP for routing for final approval of the proposal and cost sharing arrangements.
6. The Project Director shall take action to ensure, prior to award of the grant or contract or as soon as possible after notification of the award, that firm commitments in writing are in place to document cost matching. In the event that this is not possible, the Project Director shall obtain a written commitment from the appropriate Vice President, to assume full financial responsibility for the matching. Without such documents, the award may not be accepted by the Foundation.
7. The Project Director shall submit cost sharing documents identified in Paragraph 6, above, to the Foundation as soon as possible after receipt.

Documentation on Cost Sharing/Matching Accounting Will Be Maintained by the Foundation

1. Foundation cost sharing accounts will be established to record all cost sharing contributions identified in Paragraph 7 of the preceding section either by financial or memo entry. These reports will be linked together via the umbrella reporting mechanism.
2. For faculty and staff effort, copies of effort reports will be maintained in the project folder and imaged as supporting documentation for related entries made to cost sharing accounts.
3. For cash contributions or related awards from non-federal sponsors, a separate account will be set up, the funds will be deposited, and records will be maintained on expenditures in accordance with the Foundation's standard policies. The separate accounts will be linked to any and all other cost sharing accounts, related to the project requiring matching, via the umbrella reporting mechanism.
4. For in-kind donations, the Project Director will obtain the required documentation from the appropriate University personnel or third party person/entity responsible for maintaining information about the goods and services used for matching. The Project Director will forward a copy of the documentation to the Foundation for the project folder as soon as possible after receipt. It will be imaged as supporting documentation for all entries made to cost sharing accounts. The value and the location (if a tangible asset) of the donation pledged for matching shall be included in the documentation and the valuation shall be made in compliance with this policy.

5. It shall be the responsibility of the Project Director to document required cost matching on a regular basis and to ensure that the required documents are forwarded to the Foundation. The Foundation will notify the appropriate dean or other responsible administrator in the event that the required documentation has not been provided in a timely way.
6. The Foundation will follow up regularly with the Project Director to provide advice on the status of matching requirements. This will be done via monthly project reports.
7. The Project Director shall routinely follow up with the cost sharing contributors to ensure compliance with their obligations.

The Foundation will review all cost-sharing documentation and will seek to resolve as quickly as possible with the Project Director any potential problems that may be identified. Responsibility for covering costs which are subsequently disallowed by the Sponsor for purposes of cost sharing or cost matching shall be allocated in accordance with the following principles:

1. If the Foundation approved the costs as allowable, the Foundation and the Project Director's department or college shall be equally responsible for covering costs;
2. If the Foundation did not approve the costs as allowable, the Project Director's department or college shall be solely responsible for covering the costs. Costs approved by the Foundation as allowable, but which are not in fact provided as originally proposed, are also the sole responsibility of the Project Director's department or college. Disputes between the Foundation and a Project Director over the allowability of a particular item proposed for cost sharing or cost matching, or its documentation, should be referred in writing to the Foundation's Policy Committee for final resolution.

Approved by the Provost 2/14/01 and by the Foundation Board of Directors 2/15/01. Ver7/7/14-AZM