



Cost Share/ Matching Funds/ In-Kind Contributions- Sponsored Programs

Policy Number:	AA-09-002
Policy Administrator:	The Provost and the VP of Administration & Finance
Policy Initiator:	Dean of Extension Services
Authority:	Uniform Guidance 2 CFR 200 and EO 890
Effective Date:	February 11, 2015
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Approved:	President Thomas A. Cropper
Approval Signature:	/s/

Purpose:

The purpose of this policy is to establish standards to properly monitor and document any committed cost sharing in compliance with applicable regulations and sponsor requirements.

Scope:

This Policy applies to all sponsored project proposals and sponsored projects funded by an external agency. It is the responsibility of the California State University Maritime Academy (Cal Maritime) to monitor, document, and report its cost sharing commitment to the sponsored agency.

Accountability:

The Provost and the Vice President for Administration and Finance are responsible for ensuring that the policies and procedures for cost sharing are consistently applied in proposing, accumulating, and reporting costs both to external sponsors and within the campus. The Dean of Extension Services and the Principal Investigators (PI) are responsible for providing sufficient documentation to substantiate the actual cost sharing contribution to the appropriate office for reporting.

Policy:

Cost sharing, also referred to as “Match”, is defined as the portion of the project cost of a sponsored program that is borne by the University as a specific contribution to that program. Cost sharing can be represented by both direct and indirect costs. All cost shared expenditures are treated similarly to direct grant expenditures, in accordance with the policy on Allowable Costs, AA 09-005, (2 CFR 200 Part 220 and Part 215).

Regardless of the source, all cost-shared expenditures must be:

- A. Allowable and in compliance with 2 CFR 200 Part 215 and as more specifically stated in Part 220.
- B. Verifiable from university or auxiliary records.
- C. Necessary and reasonable to accomplish the project’s objectives.
- D. Identifiable in the approved budget when required by the prime sponsor.

E. Provided during the project period.

Cost share may not be:

- A. Utilized as cost sharing on any other project.
- B. Federal funds except where authorized by federal statute.
- C. Earned income under the project except when expressly authorized by the prime sponsor.

The University supports sponsored activities of its faculty and staff, 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. IN all instances, the use of cost-sharing must be approved by the departments providing the committed cost match resources as well as the Vice President to whom the department's report.

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

Roles and Responsibilities

A. Principal Investigator (PI):

1. Ensures the reasonableness and appropriateness of all cost sharing on project(s) by clearly identifying the University's cost sharing commitment in the proposal's budget and budget justification.
2. Submits a Notice of Cost Matching Contribution form during the proposal preparation process and obtains approval by all departments providing the committed cost match resources.
3. Certifies all labor-related cost sharing through effort certification document.
4. Determines, justifies, and properly documents any special circumstances surrounding the project in accordance with university policies, agency guidelines, and federal regulations.
5. Maintains and matches records that support cost match and assists with the preparation of cost matching reports to the sponsor as requested by the funding agency.
6. Obtains proper documentation of those contributions when third party cost matching is used.

B. Director Administrator of PI's Department (typically a Dean):

Approves any proposed cost-sharing that will be funded from the account of a department under his/her administrative responsibility.

C. Sponsored Programs (SP):

1. Reviews grant/contract application for adequate justification and description of cost sharing offered ensuring that the commitment is reasonable, necessary, allowable and allocable, and endorses the University's cost sharing commitment by acquiring institutional approval.
2. Ensures that the cost-match commitment is identified in the proposal budget.
3. Monitors the cost sharing commitments on a sponsored project to maintain compliance with University policies and procedures, agency guidelines, and applicable federal regulations.
4. Is involved with any adjustments to the cost share commitment based upon reductions in an award's budget, either at the time of negotiation/award or during the conduct of a sponsored project.
5. Assists Fiscal Services to accurately report the Cost Share expenses in PeopleSoft.
6. Records appropriate cost share figures on financial reports to the Sponsor.

7. Maintains and matches records that support cost match and assists with the preparation of cost matching reports to the sponsor as requested by the funding agency.
8. Obtains proper documentation detailing the cost match contribution from sub-awards and their party contributors.

D. Fiscal Services:

1. Records appropriate cot match figures on financial reports to the sponsor.
2. Completes the itemized statement of the matching accounts referenced, submits to the appropriate administrator for review and approval upon fulfillment of the cost match, and maintains the documentation in the grant file.
3. Works with the appropriate administrator to transfer funds into a unique fund and class code to cover applicable cash cost match expenses.
4. Coordinates with SP to process budget data and assigns cost-sharing class codes in PeopleSoft to a sponsored project.
5. Works with the PIs and SP to monitor cost-share expenses and finalizes cost-share figures for entry into PeopleSoft.

E. Provost/VP of Academic Affairs

1. Reviews and approves potential costs sharing aspects of agreements and grant proposals to ensure consistency with campus, school, and department academic strategic plans.

F. Laws, State Codes, Regulations, and Mandates,

1. [Executive Order 890](#)
2. [Uniform Guidance 2 CFR 200](#)
3. [Uniform Guidance 2 CFR 200.215](#)

Procedure:

A. Definition

- 1. Cost-sharing/Matching**
Represents that portion of project or program costs not borne by the sponsor (generally the federal government). Cost sharing can be voluntary or mandatory (that is, required by means of a statute of law), and can take the form of either cash contributions or in-kind contributions.
- 2. Cash Contributions:**
Represents the recipient's cash outlay, including the money contributed to the recipient by non-Federal third parties.
- 3. In-kind Contributions:**
Represents the value of all noncash contributions, including services and property, provided by the recipient and/or non-Federal third parties.
- 4. Mandatory cost sharing:**
Required by the sponsor or funding agency supporting the sponsored project. Some sponsors require that the recipient of an award provide some level of cost sharing or matching costs as a condition of receiving the award.
- 5. Voluntary cost sharing:**
That portion of the project costs that the campus provides on its own initiative when the sponsor does not require cost share or the amount of cost share provided is more than the sponsor's mandatory requirement.
- 6. Voluntary uncommitted cost sharing:**
Quantified and included in the proposal budget and award. It must be reported and documented.
- 7. Voluntary uncommitted cost sharing:**
Effort that is over and above that which is committed and budgeted for in a sponsored agreement. Such cost sharing is not subject to this policy. Further, such cost sharing will not be included in the modified total direct cost base for computing the federal Facilities and Administration rate.
- 8. Third party cost sharing:**
That provided by an entity or individual other than the prime sponsor, the University, or the Foundation. The third party must agree to use the resources provided as cost sharing. Such cost sharing can only be used on one project.
- 9. Direct costs:**
Costs that can be attributed to a specific sponsored project. Such costs can be contributed and accounted for as cost sharing.
- 10. Facilities & Administrative costs:**
Costs that cannot be attributed directly to a particular sponsored project but, rather, are more associated with general costs that may be pooled into costs generally supporting sponsored projects. Such cost may be contributed and accounted for as cost sharing when the direct costs associated with the project are those of the recipient of the prime award. Third party indirect is generally not acceptable as cost sharing.

B. Types of Cost Match

- 1. Cash match:**
Are actual cash transactions that occur and can be documented in the accounting system. This includes allocation of compensated faculty and staff time to projects. Often described as real cash contributed to the project meaning you will have to document how the cash was contributed.

2. In-kind match:

Are contributions wherein a definite value of the contribution can be readily determined, verified and justified but where no actual cash is transacted in securing the good or service comprising the contribution. Often defined as things that could exist (or could happen) without the grant.

C. Example

1. Acceptable Types of Expenses for Cost Match

- a.** PI and/or other staff salaries and wages and associated fringe benefits, including payroll above the federal salary cap on HHF awards in some situations.
- b.** Project-related laboratory supplies or services
- c.** Special purpose equipment whose purchase is necessary for the conduct of a particular project.
- d.** Costs incurred by Sub-recipients (also called third-party contributions).
- e.** Reduced or waived facilities and administrative (F7A) cost (Note: If using unrecovered F&A costs to cost share on a federal award you must receive the prior approval of the Federal awarding agency).
- f.** An award from a private foundation might be utilized as a source of cost sharing if the scopes of work for both projects are closely related and the cost sharing commitment is agreed to, in writing, by the sponsor.

2. Unacceptable Types of Expenses for Cost Match

- a.** Costs normally treated as F&A or indirect costs, e.g., administrative salaries, routine supplies and postage.
- b.** Costs recovered through the University's indirect costs rates, e.g., University operations and maintenance costs, use of University space, and use of the University's existing equipment.
- c.** Any cost that cannot be quantified
- d.** Expenses that do not directly assign a benefit to the activity, and are therefore not allocable to the project.
- e.** An unallowable cost on an award, e.g., if a program announcement indicates that travel is an unallowable cost on an award, it is also unallowable as a cost sharing expense.
- f.** Existing federally-funded equipment to be used on a project cannot be prosed as a cost sharing commitment.
- g.** An exception to the exclusion of equipment as cost match is the use of a service center that has as specified recharge rate (e.g. use of an electronic microscope facility).
- h.** Inclusion of equipment as cost match must include depreciation. Such use can be applied as a cost sharing commitment as long as there is a documented rate for that facility.

D. Other

1. Cost Matching Involving Labor

- a.** Labor costs included as cost matching, including in-kind contributions of faculty time (contributed Reimbursed Release Time), will be included in the cost matching project budget so that contributed effort can be tracked in PeopleSoft.
- b.** Mandatory or voluntary committed cost matching for labor costs requires that the effort be identified and quantified in the proposal budget and budget justification. The Notice of Cost Matching Contribution form will identify the source covering those lost labor costs.
- c.** The value of the cost matched labor is verified in the University's payroll records.
- d.** Cost matched labor is certified by the PI in the time and effort reporting process.

- e. SP validates the percent effort contributed to the project in time and effort reporting using the information contained in the cost match budget.
 - f. If the time and effort reports do not support the budgeted amounts, SP will contact the PI to resolve the discrepancy.
2. Third Party Cost Match
 - a. A third party may contribute cost matching for a Cal Maritime sponsored program, e.g., a consultant may donate time to assist with a project, or a foundation may purchase equipment for use on a federal grant.
 - b. When third party cost matching is included in a proposal to meet sponsor requirements, the source of cost matching must be clearly stated and documented.
 - c. Cal Maritime as the prime recipient, is the responsible for providing the cost matching offered in the proposal. If the third party does not honor their commitment for cost matching, Cal Maritime is still responsible for meeting its commitments.
 - d. If volunteer services are used, the requirement for verification will be met by the use of “timesheets” for number of hours worked. Either the prevailing minimum wage or the Cal Maritime pay scale, whichever is appropriate, will be used as the hourly rate of pay.
 3. Changes in Cost Matching
 - a. If an award amount is less than what was included in the proposal budget, SP will contact the sponsor to negotiate a possible reduction in the cost match commitment associated with the award.
 - b. If cost match commitments are not met by Cal Maritime, the sponsor has the right to reduce the funding amount. If the PI anticipates that the cost matching commitment will not be met, they must contact SP immediately. Any reduction in budget is commensurate with the reduction in scope of work, and the sponsor’s prior approval would be required.
 4. Miscellaneous
 - a. Cost overruns are considered to be cost matching.
 - b. Voluntary uncommitted cost sharing is excluded from effort reporting.
 - c. Fiscal Services processes the transfer of expense to non-grant funds.
 5. Monitoring Cost Match Commitments
 - a. PI and SP periodically review expense that post to the cost match project and verify that they represent all of the cost match expense for the period being reported.
 - b. SP, the PI, and Fiscal Services verify and review cost match every six months or as required by the granting agency and submit verification of cost math every six months to granting agency if required.
 6. Reporting Cost Matching
 - a. When the proposal is awarded, a separate “companion” cost matching class code will be established under the specific fund in PeopleSoft so that cost matching can be separately tracked for reporting to the sponsoring agency.
 - b. This separate class code will be utilized for all cash funded cost match transferred from the funds listed on the Notice of Cost matching Contribution form, and all related direct costs to the cost match project.
 - c. All cash funded cost match transfer will require approval from the appropriate Department administrator contributing the funds and the Dean of Extension Services.
 - d. In cases where the use of equipment or contributed space, etc. is considered cost matching, a letter signed by the contributing party will be placed in the grant folder with an explanation of the cost match and the estimated amount/value of the cost match. This match will then be verified by the PI and SP prior to the completion of the financial report.

- e.** When third party cost sharing is used, the PI must obtain proper documentation of those contributions.
- f.** If there is a sub-award, the sub-recipient/third party contributor should report their cost matching contribution on their invoices.
- g.** If there is no sub-award, the third party contributor can provide a letter detailing the cost matching contribution.