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Next Review:

TITLE: COST SHARING POLICY

Policy Objective

The purpose of this policy is to ensure that University Enterprises at CSUSB (UEC), in coordination with CSUSB, shall establish and maintain procedures in the proposing, expending, documenting, and reporting committed cost sharing for sponsored projects awarded to UEC. In addition, this policy shall adhere to applicable regulations and general rules governing cost sharing, especially those required by the federal government.

Policy Statement

Sponsored Programs conducting research, instruction, and/or other sponsored work under grants and agreements awarded to UEC shall comply with the specific guidelines required by the external sponsor of an award. In addition UEC will adhere to the general guidelines established in Circulars 2CFR 215 *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations* and 2CFR 220 *Cost Principles for Educational Institutions* (formerly OMB Circulars A-110 and A-21) with regard to cost sharing and related matters, as applicable.

It has been practice of UEC/CSUSB to support compliance with published cost sharing and matching requirements for targeted programs. In general, cost sharing or matching shall be offered in a proposal only when it is a requirement of the request for proposal, program announcement or notice of grant/award. The award terms and the circulars will be followed in the proposing, expending, accounting for and reporting cost sharing. It has not been the practice of UEC/CSUSB to encourage voluntary cost sharing or matching. Cost sharing commitments burden UEC/CSUSB with financial and administrative responsibilities, requires the maintenance of detailed records that are subject to audit, and has the potential to affect negotiated indirect cost rates adversely.

Cost sharing commitments must be verifiable, necessary, and reasonable for the proper and efficient accomplishment of the sponsored project and allowable under 2CFR 215 and 2CFR 220. *Mandatory cost share* becomes committed cost sharing once awarded and shall be documented and reported to the funding agency as required by funding agency regulations. *Voluntary cost share* that is quantified and included in the proposal or budget become committed cost sharing once awarded and shall be documented and reported to the funding agency as required by funding agency regulations.

Definitions

When federal statute or agency regulations require that an awardee share in the cost of the sponsored project that portion is referred to as cost sharing. At times cost sharing is also referred to as matching, in-kind, or contributed/ or contributions. In addition, language in proposals that cites percentage of time,

percentage of salaries, or specific level of support is also considered commitments of cost sharing. Generally, all these terms refer to costs not charged to the funding agency and shall be considered to have the same meaning as cost sharing.

Cost sharing refers to the portion of project or program costs not borne by external sponsor. Cost sharing can be voluntary or mandatory (that is, required by means of a statute or law), and can take the form of either cash contributions or in-kind contributions. Cost sharing may be provided by CSUSB, one of its auxiliary foundations, third-party entities, and/or individuals.

Mandatory cost sharing is that 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. Mandatory cost sharing is typically listed as a requirement in the request for proposal, program announcement or notice of grant/award. This becomes a commitment at the time the award is made. This shall be documented and reported to funding agency as required by funding agency regulations.

Voluntary cost sharing is that portion of the project cost that the CSUSB or UEC provide on their 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. If quantified and included in the proposal or budget this becomes a commitment at the time the award is made. This shall be documented and reported as if it were mandatory cost sharing.

Voluntary uncommitted cost sharing is cost sharing that is not required nor quantified in the proposal or budget but contributed voluntarily. This typically occurs when faculty or other senior project personnel provide effort that is over and above that which is committed and budgeted for in a sponsored agreement. Such cost sharing effort is not subject to this policy per OMB Memorandum M-01-06. Furthermore, such cost sharing will not be included in the modified total direct cost base for computing the federal Facilities and Administration rate (F&A).

Third part cost sharing is that provided by an entity or individual other than the prime sponsor, CSUSB or UEC. The third party must agree to use the resources provided as cost sharing. Such cost sharing can only be used on one project.

Cash contributions represent the recipient's (UEC or CSUSB) cash outlay, as well as any funds contributed to the recipient by non-Federal third party contributors.

In-kind contributions represent the value of all non-cash contributions, including services and property, provided by the recipient (UEC or CSUSB) and/or non-Federal third party contributors.

Direct costs are those costs that can be attributed to a specific sponsored project. Such costs can be contributed and accounted for as cost sharing.

Facilities and Administrative costs (Indirect costs/ F&A) are those 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.

Recipient is the organization to which the award is made by the sponsor. University Enterprises Corporation at CSUSB (UEC) is the legal recipient of external awards proposed by CSUSB.

Mandatory or Voluntary Cost Sharing

When mandatory or voluntary cost share commitments are offered they become committed once awarded and shall be documented and reported in accordance with funding agency requirements and may be subject to audit. Cost sharing commitments must be verifiable, necessary, and reasonable for the proper and efficient accomplishment of the sponsored projects and allowable under 2CFR 215 and 2CFR 220. In addition, if cost share commitments are not met the sponsored agreement may be subject to disallowances by the funding agency.

Allowable Cost Sharing

Allowable cost sharing on a sponsored project is in most cases determined by the specific award terms and conditions and the 2CFR 215 and 2CFR 220 (formerly OMB Circulars A-110 and A-21). Allowable cost sharing follows the same general guidelines as the expenditure of funds. Regardless of the source of funding, all cost share must adhere to the following criteria:

- Allowable costs under 2CFR 220 cost principles and as more specifically stated in 2CFR 215.
- Verifiable from UEC/Department/CSUSB/third party records.
- Are not included as contributions for any other federally-assisted project or program
- Necessary and reasonable to accomplish the project's objectives.
- Are not paid by the Federal government under another award, except where authorized by federal statute to be used for cost sharing
- Identified in the approved budget when required by the prime sponsor.
- Provided during the project period.

Cost share may not be

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

Cost sharing may consist of the following cost elements used to further project objectives:

- Salaries of CSUSB faculty or staff who are paid by CSUSB, and who devote a percentage of their compensated time to a sponsored project, without receiving reimbursement from the sponsor. Their time must tie to CSUSB records and other supporting documentation for verification of time released.
- Fringe benefit costs associated with the contributed effort listed above.
- F&A/Indirect costs associated with the contributed effort listed above.(Note: The general rule on whether indirect costs can be counted as cost share on a sponsored project is that when the direct costs are subject to cost sharing, the associated indirect costs are automatically subject to cost sharing)
- Foregone F&A/Indirect costs, where UEC requests less than it's federally approved negotiated rate and where the sponsor does not prohibit the use of foregone F&A/indirect costs for cost sharing. In all cases, mandatory and/or voluntary cost sharing, the sponsor must approve the use of foregone F&A/Indirect as cost sharing.
- Other direct costs, such as supplies, travel or equipment, etc., paid for from allowable funding sources and directly attributable to support of the project. Applicable educational discounts applied to purchases shall be included when determining the value of these items.

- Project costs financed by cash contributions by the recipient or third parties.
- Project costs represented by services and property donated by the recipient or third parties (non-Federal public agencies and institutions, private organizations and individuals).
- Third parties owned space.

Examples of unallowable cost sharing include the following:

- Any costs normally treated as F&A or indirect costs – administrative salaries and wages, CSUSB operations and maintenance costs, and CSUSB space.
- Any cost that duplicates the type of cost in the campus/Foundation F&A pool.
- UEC or /CSUSB owned space and equipment when receiving full F&A.
- Income earned under the project unless expressly authorized by the funding agency.
- Costs used as cost sharing on another project.
- Using federal funds to cost share for another federally funded project unless specifically allowed by the funding agency.
- Any cost that cannot be quantified.
- Any costs that does not directly assign a benefit to the activity and as such is not allocable to the sponsored projects.

Responsibilities for Obtaining and Documenting Cost Sharing

CSUSB Research and Sponsored Program (RSP) staff will work with project directors to identify allowable cost sharing at the proposal stage.

The Project Director/Principal Investigator (PD/PI) is responsible for ensuring all commitments are met and for securing all necessary cost sharing and matching funds commitments from their departments, colleges, other university officials/faculty, and third parties (as appropriate), in accordance with federal statutory requirements and specific agency program requirements. The PD/PI is responsible for obtaining and providing all cost sharing documentation to SPA.

College Deans and/or Department Chairs are responsible for ensuring that the college/department can and will meet its share of all cost sharing commitments. Cost share commitments should be approved at the proposal stage by the College Dean, Department Chair, or other university official or department head that will be supplying the cost sharing.

Sponsored Programs Administration (SPA) staff will provide direction upon award as to what documentation is required to document and substantiate cost sharing. PD/PI is responsible for obtaining and providing all cost sharing documentation to SPA. SPA shall substantiate/document/maintain the required cost sharing and report allowable cost sharing to the funding agency as required by the terms of the award. In the event any issues arise with the documentation provided, SPA will work with the PD/PI to resolve this. All cost sharing documentation and records will be maintained in project files housed in SPA.

CSU Campus Policies/Federal Regulations/Related Documents

- ICSUAM Section 11000.003.007 - Cost Sharing
<http://www.calstate.edu/icsuam/sections/11000/11000.003.007.shtml>
- CSUSB Policy for the Administration of Grants
http://policies.csusb.edu/grants_and_contracts.htm
- 2CFR 220 (formerly OMB A-21) “*Cost Principles for Educational Institutions*”
- 2CFR 215 (formerly OMB A-110) “*Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, hospitals, and other non-profit organizations*”
- OMB Clarification Memo M-01-06 from January 5, 2001. “Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Memo”
<http://www.whitehouse.gov/omb/memoranda/m01-06.html>
- COGR Management Practices Document (2007) – <http://www.cogr.edu>

Approval:

Approved by the UEC Board of Directors