

INTERIM POLICY ON COST SHARE/MATCH

In accordance with the Policy on the Administration of Grant and Contract Activity (APM 501), this document outlines the cost share/match policy for the following recipients: the California State University, Fresno (University), the California State University, Fresno Foundation (Foundation), and other authorized auxiliaries. For the purposes of this policy, the administration of the sponsored project will be referred to as the responsibility of the “recipient” of the sponsored program award. This policy provides guidelines and user definitions, identifies allowable and unallowable cost share expenses, and outlines general responsibilities for the administration of cost share.

I. POLICY STATEMENT

The University has set this policy to ensure compliance with the general rules and regulations governing cost share/match, as required by the federal government as established in OMB Circulars A-21 and A-110 (section 23) with regard to cost share/match and related matters, as applicable. At times cost share is also referred to as “match”. For the purposes of this policy, “cost share” and “match” shall follow the same guidelines.

GENERAL ALLOWABILITY

Allowability of cost share expenditures is usually determined by the specific award terms and conditions. When a project is funded by a federal grant, the recipient must adhere to the criteria as required by OMB Circular A-110 (section 23). According to this section, mandatory cost share must be:

- Verifiable;
- related to program objectives;
- allowable under the applicable cost share principles;
- not from another federal award unless the terms of that award specifically permit the funds to be used as cost share;
- shown in the approved budget.

In addition, the following criteria apply to allowable cost share:

- The cost share principles applicable to the recipient are those in OMB Circular A-21;
- Funds from any source which have already been committed as cost share to another project cannot be committed again;
- Income earned under the grant may not count as cost share unless expressly authorized by the granting agency;
- Cost share shall be incurred only during the same time period as the award.

DEFINITIONS

- A. Direct costs** are those costs that can be attributed to a specific sponsored project. Such costs can be contributed and accounted for as cost share.
- B. Facilities and administration (F&A)/indirect costs** 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 costs may be contributed and accounted for as cost share 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 share.
- C. Match** results from a requirement that the applicant provide funds from other sources in support of the proposed project. Matching is typically done on a dollar-for-dollar basis or as a percentage of total project cost shares. Federal match funds typically cannot be released before third-party contributions are obtained which meet government specified eligibility criteria. Frequently, match contributions are required on major equipment acquisition awards and construction or renovation initiatives.
- D. Cost share** can be described as the resources contributed or allocated to a sponsored project over and above the support provided by the funding agency of that project. Cost share represents the portion of total project costs not borne by the funding agency. It is the policy of the recipient that the sponsor will pay all expenses, both direct and indirect, for work conducted under the sponsored project. However, the recipient, under certain circumstances, may share the costs of such projects if it is perceived that by doing so it is judged to be of significant technical merit or relevance to the university or in cases where the funding agency requires cost share as a condition of funding. Cost share may also come from a third party other than the funding agency or recipient.
1. **Mandatory cost share** refers to that portion of the sponsored project costs which is required by the funding agency and generally listed in the terms of the project's Request for Proposal or Application (RFP/RFA). By accepting an award with mandatory cost share, the recipient incurs an obligation to document all mandatory cost share contributions to the sponsored project. Mandatory cost share must be approved by the individual(s) (Dean and/or other university/auxiliary officials) who have authority and oversight for the stated source of the cost share.
 2. **Voluntary cost share** refers to the portion of the project costs that the recipient provides on its own initiative when the funding agency does not require cost share or the amount of cost share provided is

more than the funding agency's mandatory requirement. Voluntary cost share is quantified and included in the proposal budget and award. The extent of voluntary cost share should be reasonable and prudent, considering the Principal Investigator's other commitments of time and recovery of costs. As with mandatory cost share, voluntary cost share must be approved by individuals (Dean and/or university/auxiliary officials) who have authority and oversight for the stated source of the cost share.

Voluntary cost share is discouraged for several reasons:

- If the recipient's resources are committed to a project unnecessarily, then these resources are not available for projects when cost share is required;
- Cost share can have the effect of eroding the F&A rate;
- All cost share, whether mandatory or voluntary, must be tracked and accounted for in the recipient's accounting records which can leave the recipient open for audit concerns if not addressed properly;
- It is time consuming and expensive to commit the recipient's resources to document cost share requirements;
- Certain faculty members who have many awards could become over committed, resulting in an inability to substantiate the promised levels of effort.

3. **Committed cost share** includes mandatory and voluntary cost share identified in the project proposal. It represents a commitment by the recipient that must be fulfilled if the proposal is accepted. It also incurs an obligation to document the cost share provided to the sponsored project. Should the awarded amount be reduced from the proposed amount, the committed cost share may need to be adjusted accordingly, particularly if the awarded budget reduction requires a change in the Scope of Work. Any reduction in cost share should be correctly stated in the award document.
4. **Voluntary uncommitted cost share** refers to any effort of either the recipient's faculty or staff or third party individuals beyond that which is committed and budgeted for in a sponsored agreement. Such voluntary uncommitted cost share is not quantified in either the proposal budget or the narrative. Unlike committed cost share, voluntary uncommitted cost share does not require documentation or reporting, and will not be included in computing the F&A rate.
5. **Cash match contributions** represent the recipient's cash outlay, including funds contributed to the recipient by third party contributors.
6. **In-kind contributions** represent the value of non-cash contributions, including services and property, provided by the recipient and/or third

party contributors and when contributions directly benefit the project. In general, cost sharing federal funds to another federal award is not allowable unless authorized by federal legislation.

II. EXAMPLES OF COST SHARE

The acceptance of cost share on a particular project is in most cases determined by the specific award terms and conditions and the OMB circulars A-21 and A-110.

Allowable cost share follows the same general guidelines as the expenditure of funds. Cost share expenditures must be incurred during the same time period as the award. Examples of cost share include *but are not limited to* the following:

A. ALLOWABLE COST SHARE:

1. Salaries of faculty and staff paid by the University/auxiliary that meet all the following criteria:
 - A percentage of their compensated time/effort was devoted to a sponsored project without receiving reimbursement from the funding agency;
 - Faculty is granted **released time** by their Department/College.
 - The work performed must be directly related to meeting the objectives of the project;
 - The assignment must tie to the university records and other supporting documentation for verification;
 - The total effort for an individual cannot exceed 100%;
2. Fringe benefit costs associated with the contributed effort listed above;
3. Academic year faculty and staff uncompensated voluntary time/effort during non-academic time periods (summer, winter breaks);
4. Travel, equipment, and non-administrative identifiable supplies and direct costs paid from sources other than from the funding agency and directly attributable to support the project;
5. Project costs financed by cash contributions from the recipient or third parties;
6. Project costs represented by in-kind services, and property valued at no more than market value at the time of donation by third parties;
7. Certified use allowance costs from third party owned space;
8. Third party volunteer services;
9. Space not included in the F&A rate that is usually rented space;
10. F&A costs foregone, where the recipient requests less than the federally approved negotiated rate, and where the funding agency does not prohibit the use of F&A foregone as cost share.

B. UNALLOWABLE COST SHARE

1. Costs used as cost share on another project;
2. Any cost not relevant or necessary to the project;
3. Faculty or staff employees' salary tied to the academic year, uncompensated voluntary time *during* the academic year;
4. University/auxiliary employees' (faculty, staff, students) uncompensated voluntary time/effort not directly related to the grant;
5. Salaries of Deans, Associate Deans, Department Chairs, or Directors not directly working on grant programmatic activity unless, in unusual circumstances, where the direct programmatic activity can be tied back to their University workload assignment;
6. Salaries of College Administrative Assistants and Department Secretaries are not allowable as their assignments do not include direct grant and contract activities and cannot tie back to the University workload. The positions are considered a part of the Indirect Cost Pool, thus are not appropriate for cost share;
7. Student time if they receive compensation from the project or receive federal workstudy on a federally funded project;
8. University departmental administrative costs such as supplies included in the determination of the F&A rate;
9. Use charges for university/auxiliary land or building space;
10. Use charges for university/auxiliary equipment, computers, or networks;
11. Third party donated equipment valued at more than the depreciated value;
12. Third party rental value of equipment at more than fair market value;
13. Value of third party volunteered time that is not supported by certification of effort;
14. Third party space already devoted to another work activity that would not normally be charged a use allowance fee;
15. Foregone F&A costs not authorized by the funding agency.

IV. RESPONSIBILITIES

A. PRINCIPAL INVESTIGATORS/PROJECT DIRECTORS

The Principal Investigator (PI) may rely on administrative staff for assistance in carrying out responsibilities under a Sponsored Project; however, it is expected that it is the responsibility of the PI to:

1. Be knowledgeable about appropriate funding agency, CSU, University, auxiliary guidelines, policy, and restrictions relative to cost share commitments;
2. Identify and secure all necessary cost share and match fund commitments from their departments, colleges, Provost or other

university/auxiliary officials (as appropriate), and third parties in accordance with federal statutory requirements and specific agency program requirements;

3. Comply with the specific terms and conditions of each award relating to cost share as stated in the Contract, Grant, Cooperative Agreement or Sub-award documents and with all administrative requirements, as set forth by the federal government, funding agency, and institution policy statements, as applicable;
4. Ensure that cost share activities are within the same contract period as the award;
5. Certify that all cost share to a sponsored project is accurate and specifically benefits the project;
6. Coordinate with the Dean, Department Chair, Center Director, Department Director or other university official (as appropriate) the tracking of cost share effort to ensure that resources are not committed for more than 100% of their time/value;
7. Provide supporting documentation for cost share by the set scheduled time as set forth by the fiscal agent in order to meet the cost share reporting requirements as stated in the Contract, Grant, Cooperative Agreement or Sub-award documents;
8. Obtain prior approval from the funding agency for changes to cost share commitments, including changes in cost share effort that reduces the scope of work.

B. DEANS AND DEPARTMENT CHAIR/CENTER AND INSTITUTE DIRECTORS/DEPARTMENT DIRECTOR

Deans, Department Chairs, Center and Institute Directors, and Department Directors are responsible for reviewing proposals developed by faculty, in particular to:

1. Approve and ensure that all cost share commitments set forth in the proposal are reasonable, allowable, and can be met;
2. Approve and ensure appropriate university and/or auxiliary account numbers and cost share expenses are accurate and not duplicated to another sponsored program;
3. Document and reconcile that cost share commitments of faculty and staff effort under their college/department do not exceed more than 100% of their time/value as per CSU Executive Order 890;

4. Report any decisions to change cost share effort commitments of faculty and staff to the PI and to the fiscal agent;
5. Monitor the cost share commitments with the PI to assure that the total amount of funds is reported properly and according to the terms of the award;
6. Coordinate with the PI in obtaining cost share documentation from third parties;
7. Provide PI with a summary of expenditures and supporting documentation with a description of cost share activities in order to enable the PI to report cost share to the fiscal agent as outlined by the fiscal agent's guidelines.

C. UNIVERSITY/FOUNDATION/AUXILIARY SPONSORED PROGRAMS RECIPIENT

The recipient's fiscal agent is responsible for financial management of extramurally supported Contracts, Grants, Cooperative Agreements and Sub-awards. It is the responsibility of the recipient to:

1. Review and interpret award terms and conditions and inform PIs, project staff and appropriate campus personnel of the cost share requirements and obligations imposed by the sponsor's award;
2. Establish procedures for obtaining and documenting cost share;
3. Review program-specific guidelines and agency requirements and inform the PI, Dean/Director and ORSP and other appropriate university officials of any discrepancies or conflicts;
4. Forward cost share obligations outlined in a cost share cover memo to the PI and to the designated university administrator (Dean/Chair/Center Director, Department Director);
5. Review budgets/proposals to identify all commitments for cost share and verify that documentation of the commitments are present and adequate;
6. Verify that all required approvals and clearances for all cost share commitments are adequate;
7. Obtain appropriate and compliant cost share effort certification forms, reviewing signed and completed forms and/or providing assistance to campus departments in completing forms;

8. Monitor the cost share reported during the grant period and work with the PI in meeting cost share requirements;
9. Complete any cost share reporting required by the funding agency;
10. Maintain cost share records and documents along with project records and retain cost share documentation for record retention period required by the funding.

D. OFFICE OF RESEARCH & SPONSORED PROGRAMS

1. Review program specific guidelines and agency requirements to determine the necessity for cost share;
2. Assist PIs, Chairs, Deans, and other university officials in identifying cost share resources and coordinating cost share commitments for institutional proposals;
3. Review budgets/proposals with the staff of the fiscal agent to identify all commitments for cost share, and verify that documentation of the commitments are present and adequate;
4. Assist PIs with development and approval of cost share budget revisions.