

## Sponsored Programs Cost Sharing Policy

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### **Purpose:**

This policy establishes definitions and guidelines for cost sharing on Sponsored Projects. The purpose of this policy is to indicate procedures and guidance for proposing, expending, reporting, and documenting cost sharing on Sponsored Projects that are managed by CSU Fullerton Auxiliary Services Corporation (“ASC”) Office of Sponsored Programs.

### **Definitions:**

**Cost Sharing/Match:** the sharing of actual program or project costs through contributions made by the University, an Auxiliary, third-party entity, and/or individuals that are not borne by the sponsor.

**Cash Match:** A type of cost match that is representative of the cash outlay completed by either the campus (CSU, Fullerton) or the ASC Office of Sponsored Programs. Cash match can also be actual money contributed to the recipient by non-federal third parties. This could be actual cash from third parties and/or individuals or other non-federal sponsored projects which are allowed per guidelines to be claimed as match.

**In-Kind:** A type of cost match that is representative of all non-cash contributions. This includes donated property, equipment, materials, supplies, services, and in some cases volunteered time. (see below for further explanation)

**Mandatory Cost Sharing:** Cost match that is required by the sponsor or funding agency to support the sponsored project. The proposal guidelines will usually indicate whether cost match is required. The mandatory cost match could be strictly cash, strictly in-kind or some variation of the two.

**Voluntary Cost Sharing:** Cost match that is documented in the proposal to the sponsor, yet the sponsor has not indicated cost sharing be required. **Voluntary cost sharing is not allowed.**

### **Policy:**

Cost sharing/match should only be offered when it is a requirement of the request for proposal or program announcement. The sponsoring agency’s program guidelines indicate whether or not cost sharing is mandatory for specific proposal submission. The University and ASC Office of Sponsored Programs do not offer unnecessary cost sharing on a voluntary basis. The reasons for this are as follows:

- The university voluntarily committing resources to a project unnecessarily means less resources available for instances when cost sharing is required
- Voluntary cost match can erode an institution’s indirect cost rate
- All cost sharing must be tracked and accounted for which could leave the ASC and University open for audit concerns if not addressed properly and it is time consuming and expensive to document
- Certain faculty members who have many awards could become over committed which results in the inability to substantiate promised levels of effort

Once cost match has been submitted to a sponsor it is the responsibility of the Sponsored Programs Administrator to work with the PI to ensure all cost sharing is reported correctly with adequate documentation and source documents. The Sponsored Programs Administrator is responsible for acquiring such information annually and for closeout once the project is completed (unless indicated differently in the sponsor’s agreement). All documentation on cost match is subject to audit in accordance with the sponsor’s policy for funding.

All matching contributions, both cash and in-kind, must adhere to the following criteria as required by OMB Uniform Guidance

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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 (Uniform Guidance, 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 D, Section 200.306 of OMB Uniform Guidance

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/ASC, 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. Other direct costs, such as supplies equipment, non-capitalized assets, or travel that are paid for from allowable funding sources
4. Project costs financed by cash contributions by the recipient, or by cash from third parties
5. Indirect costs
  - a. associated with contributed effort (salaries and associated fringe benefit costs) and other direct costs as described in items 1-4.
  - b. foregone, including rent and occupancy costs, where the ASC requests less than the federally approved negotiated rate, and where the sponsor does not prohibit the use of indirect foregone as cost sharing. This is called waived indirect, and usually requires pre-approval, if federal sponsor.
6. Contributions of services and property donated by 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.

In-kind Cost Sharing and Valuation Methods

In-kind is allowable provided that the value can be established by reliance on what those goods or services would bring in the open market.

- 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 the project. Rates for such services should be consistent with those paid in the organization; however, when such rates are not available, the rate should be consistent with those paid for similar work in the labor market. Associated fringe with such salary paid is allowable as long as it is reasonable and allocable.
  - Volunteer services must be documented and supported by the same method above
- Value of donated expendable personal property shall not exceed the market value of the property at the time of donation
- Value of donated non-expendable property may be showing by either of the following methods:
  - Total value of donated property can be claimed if the purpose of the award is to assist the recipient in the acquisition of equipment, buildings, or land:

- 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 to just support the activities that require the use of equipment, land or buildings.
- 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
- The value of donated space shall not exceed the fair rental value of comparable space in the same locality
- The recipient's supporting records for in kind contributions from non-federal third parties are as follows:
  - Volunteer services must be documented and, to the extent feasible, supported by the same methods used by recipient for its own employees;
  - The basis for determining the valuation for personal services, material, equipment, land and buildings must be documented
- Waived Indirect/F&A: the amount of indirect foregone if the full approved ASC rate is not used. If full indirect is not claimed (i.e. the rate is 39.1% but only 14% claimed), the remaining 25.1% can be documented and claimed as in-kind only if it was included in the approved budget at the time of the proposal submission or prior written sponsor approval has been obtained

#### Documenting Cost Match

It is the responsibility of the PI to submit all cost match documentation to the Sponsored Programs Administrator annually unless otherwise noted by the sponsor. The Sponsored Programs Administrator will work closely with the PI to help fill out the Cost Match Form and obtain proper supporting documentation.

- For faculty and staff effort, effort reports are required
- For cash contributions or related awards from non-federal sponsors, a separate account (if cash contribution this will be kept in a separate fund (51)) will be set up where the funds will be deposited and records maintained on expenditures in accordance with the OSP standard policies.
- For in-kind donations, the PI will responsible for obtaining 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 PI is responsible for providing this to the Sponsored Programs Administrator when the Cost Match Form is completed annually
- Should a subrecipient also have cost match, it is the responsibility of the subrecipient to submit documentation of their supported cost match however often they invoice the Office of Sponsored Programs

The Sponsored Programs Administrator will review all cost-sharing documentation. OMB Uniform Administrative Requirements and any other sponsor guidelines will be used to determine allowability of cost match. In the event any issues arise with documentation the Sponsored Programs Administrator will work quickly to resolve such issues with the PI.