Cost Sharing and Matching

OVERVIEW

The University may pay for a portion of the total costs of a sponsored project on the premise that a mutual interest exists between the University and the sponsor. This University expense is called cost sharing when it is communicated to the sponsor. Sponsored Programs Services (SPS) is responsible for certifying and reporting cost share expenditures to the sponsor.

University cost sharing may take the form of a percentage or specific ration of sponsor and University dollars, also referred to as cost matching. The terms cost sharing and matching are nearly synonymous and are often used interchangeably.

A sponsor may require cost sharing and matching or the University may voluntarily participate in cost sharing and matching.

APPLICABILITY

The University policy on cost sharing and matching, as described in this section (BPPM 40.33), applies to sponsored agreements executed by the Office of Research Support and Operations (ORSO).

DEFINITIONS

The definitions below apply to terms used in this section.

Cost Sharing and Matching

Cost sharing and matching represents the portion of the total project costs paid by the University, rather than the sponsor.

Mandatory Cost Sharing and Matching

Mandatory cost sharing and matching is defined as the cost obligation required as a condition of the award. This type of cost sharing, as documented through the sponsor's policies, the funding opportunity announcement, or the funded award document, must be included in the proposal budget and budget justification.

The department and/or principal investigator (PI) must track and report mandatory cost sharing to SPS.

Voluntary Committed Cost Sharing

Voluntary committed cost sharing is defined as cost sharing specifically pledged on behalf of the University on a voluntary basis in the proposal's budget or budget justification. Such a pledge becomes a binding requirement of the award.

The department and/or PI must track and report voluntary committed cost sharing to SPS.
### Cost Sharing and Matching

<table>
<thead>
<tr>
<th>Cost Sharing Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voluntary Uncommitted Cost Sharing</strong></td>
<td>Voluntary uncommitted cost sharing is defined as costs or effort that are not included as part of the submitted proposal or required by the sponsor. The department and/or PI is not required to track or report voluntary uncommitted cost sharing to SPS.</td>
</tr>
<tr>
<td><strong>Third-Party Cost Sharing</strong></td>
<td>In accordance with Uniform Guidance, third-party in-kind contributions (cost share) are defined as the in-kind costs a third party contributes in the form of noncash assets (including goods and services). The noncash assets are recorded at fair market value. (2 CFR 200.96) Since sources are outside the University, the goods and services are not recorded as expenses in the WSU financial accounting system. The department and/or principal investigator (PI) must track and report in-kind cost sharing to SPS.</td>
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<tr>
<td><strong>Cash Cost Sharing</strong></td>
<td>Cash cost sharing is defined as cost sharing where the source is expenses from within the University's financial accounting system. The expenses may be from cash donations or other grants where allowable. The department and/or principal investigator (PI) must track and report cash cost sharing to SPS.</td>
</tr>
<tr>
<td><strong>Cost Sharing and Matching Obligation</strong></td>
<td>The cost sharing and matching obligation is the amount that the University and/or third party commit in a proposal's budget or budget justification and that is documented in the award or as special terms and conditions of the award.</td>
</tr>
<tr>
<td><strong>Facilities and Administrative (F&amp;A) Costs</strong></td>
<td>Facilities and administrative (F&amp;A) costs are also known as indirect costs or overhead. See BPPM 40.25. The federal government approves recoverable F&amp;A cost rate(s) for use in the submission of proposals to sponsors. The current negotiated rate agreement is available on the Sponsored Programs Services (SPS) website: sps.wsu.edu/FandA.html</td>
</tr>
<tr>
<td><strong>Unrecovered F&amp;A Costs</strong></td>
<td>Unrecovered F&amp;A costs (also referred to as waived F&amp;A) are the cost difference between the recoverable F&amp;A rate approved by the sponsor and the University's federally-negotiated rate for indirect costs. The difference may be used as cost sharing if approved by the sponsor.</td>
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</table>
Cost Sharing and Matching

**COST SHARING COMMITMENT**

**Cost Sharing Required**

Cost sharing is required when clearly stated by the sponsor as a condition of the award. Cost sharing requirements are generally set forth in the program announcement (PA) or request for proposal (RFP). (See BPPM 40.02.)

**Impact of Voluntary Commitments**

A PI, with prior approval from their local unit, area/college, and/or campus may include voluntary cost share in a proposal. All units must consider the impact on current resource availability and the ability to meet future mandatory cost sharing when including voluntary cost sharing commitments in a proposal. When approved, the authorization to include voluntary cost share is recorded through the Request for Approval of Application for Extramural Support (eREX) processed for that proposal submission. (See BPPM 40.02)

The University discourages including cost share when not required by the sponsor, to avoid an unnecessary administrative burden on faculty and staff and a negative impact on the University's F&A cost recovery.

**IMPORTANT:** Voluntary committed cost sharing is not expected and may not normally be considered in the review of research proposals unless statutorily required. (2 CFR 200.306)

**Failure to Meet Cost Sharing Commitments**

In addition, the University may be held liable if it fails to meet commitments for mandatory and/or voluntary committed cost sharing. Failure to meet the cost share commitments may result in a reduction of sponsor funding and thus require the department or college to fund the amount of the reduction.

**ORSO Responsibilities**

In submitting proposals to sponsors, ORSO:

- Conducts, trains, and certifies administrators in the submission of proposal budgets, including cost sharing;

- Ensures that cost share is identified in the proposal budget justification and approved through the eREX (see BPPM 40.02);

- Reviews proposal budgets for compliance with the University policy and sponsor requirements for cost sharing;
Cost Sharing and Matching

ORSO Responsibilities (cont.)

- Negotiates special cost sharing provisions with sponsors, when required; and
- Consults with PIs, grant administrators, and SPS when conditions warrant.

COST SHARING OR MATCHING CRITERIA

Unless superseded by the provisions of the awarding agency or special conditions of the award, the following criteria apply to mandatory and voluntary committed cost sharing, regardless of sponsor.

Contributions

All contributions, including cash and third-party in-kind (noncash), are accepted as cost sharing when such contributions are incurred within the performance period of the agreement and meet all of the following criteria:

- Are verifiable from the University's records.
- Are not included as contributions for any other sponsor-assisted project or program.
- Are necessary and reasonable for proper and efficient accomplishment of the project or program objectives.
- Are allowable under the applicable cost principles.
- Are not paid by a sponsoring agency under another award, except as authorized by the awarding agency.
- Are provided for in the approved budget when required by the awarding agency.

Unrecovered and waived, or reduced, F&A costs may be included in a proposal's budget and used as cost sharing:

- With the prior approval of a federal awarding agency;
- When included in a nonfederal sponsor's proposal budget and awarded; and/or
- When the cost sharing budget is subsequently amended and approved by the sponsor.

NOTE: The recovery of F&A costs does not apply to third-party cost share.
**Cost Sharing and Matching**

**POST-AWARD ACCOUNTING AND DOCUMENTATION**

The University's subsidiary cost sharing system is the official system of record for all cost sharing activity, regardless of source. The subsidiary cost sharing system records all cost sharing for programs 11 through 14 that is considered in the preparation of the Facilities and Administrative Cost proposal submitted to the Department of Health and Human Services (DHHS).

**Account Setup**

Upon setting-up the account, SPS reviews the eREX to see if cost share has been committed.

In setting-up an account that requires cost sharing, the cost share obligation is entered in the Master Account Table.

Administrators and PIs may view cost share obligation information in the BALANCES application of the Administrative Information System (AIS). (See BPPM 85.33 regarding obtaining access to AIS applications.)

**Gathering Supporting Information**

SPS gathers cost sharing information from departmental memorandums, third parties, and subcontractors. (See Sources for Cost Sharing.) SPS records the information on internal cost share forms for entry into the subsidiary cost share system. SPS retains all related documentation as part of the project file.

**Cost Sharing Effort**

If the cost share includes University employee salaries and benefits, SPS enters the employees listed into the system to generate effort certifications. The cost sharing accounts are documented in section "E" of the Effort Certification Report.

For further information regarding effort certification procedures and requirements, see BPPM 40.34, 40.35, and 40.36.

The fringe benefit and F&A rates used for calculating cost sharing effort are derived from the rates maintained in the cost sharing table in the Effort Certification System. The rates are modified as required, based upon the benefit model and rates schedule provided by the Budget Office. See:

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budget.wsu.edu/budget-policies/index.html
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Cost Sharing and Matching

Non-Salary Cost Share

The PI or department expenditure authority submits a signed and dated memorandum to SPS summarizing the completed non-salary cost share. The memorandum must include the following information:

- Sponsored project account number
- Department contact name, telephone, and e-mail address
- Department name and address
- From account number
- Amounts cost shared by object and date posted
- Total non-salary funds cost shared to the sponsored project

Accessing Cost Sharing Information

Administrators and PIs may access the subsidiary cost sharing system for cost share reporting information and data included in the F&A cost proposal.

Records Retention

Cost sharing records are retained for review and audit as part of the project documentation. Unless the project is under audit or involved in litigation or a public records request, the records are destroyed in accordance with the University's records retention requirements for grants received by the University. (See the All-University Records Retention Schedule--Research and Sponsored Project Records table in BPPM 90.01.)

SPS retains the primary copy of cost sharing reported through the Effort Certification Report.

SOURCES FOR COST SHARING

Faculty and Staff Effort

The department uses faculty and staff effort information to report cost share for salaries and the associated benefits. Effort cost sharing is processed through the Effort Certification System. (See BPPM 40.34, 40.35, and 40.36.)

Temporary Employee Wages

The departmental grant administrator must submit expense line documentation to SPS by memorandum to record effort for temporary employee wages and associated benefits.

Supplies/Equipment/Other Contributions

The departmental grant administrator provides line item expense detail for supplies, equipment, and other contributions to SPS by memorandum along with highlighted transactions on a budget statement. The departmental signature authority must approve the information.
Cost Sharing and Matching

Unrecovered Facilities and Administrative Costs (F&A)  
SPS manually calculates unrecovered F&A amounts based on the approved award and enters the amounts into the subsidiary cost sharing system.

Tuition Waivers  
The value of tuition waivers is allowable if approved by the sponsor. The department grant administrator must notify SPS by memorandum and attach a printout from the applicable myWSU accounts showing the waiver amounts and indicating that the tuition was paid.

Third-Party Contributions  
Third-party contributions to cost sharing are recorded from information provided in letters or memorandums that conform to the categories and/or provisions contained in the approved proposal budget. SPS enters the third-party contribution amount into the subsidiary cost sharing system.

Two letters or memorandums are required to support each third-party contribution:

• One memorandum from the donor that includes the following information:
  ◦ Dollar amount (or fair market value for in-kind)
  ◦ Time period during which the match was provided
  ◦ Signature of an authorized individual from the donor's business

• One memorandum from the department which summarizes the donor memo and includes a signature from the PI or an expenditure authority for the account.

Subcontracts  
Cost sharing from a subcontract is normally included in the invoice received from the subcontractor or a memorandum. SPS enters the amount into the subsidiary cost sharing system.

ALLOWABLE AND NONALLOWABLE EXPENDITURES  
Cost sharing is allowed for some expenditures under certain conditions and not allowed for other expenditures, as described below.
Cost Sharing and Matching

Allowable Expenditures

Direct Costs
Cost sharing may consist of direct costs charged to state funds or other restricted accounts as follows:

- Direct costs for goods and services must directly benefit the project or program and may not be included as cost sharing for any other project.

- Cost sharing contributions may consist of direct costs for faculty effort certified to a grant account or accounts and related fringe benefits.

- Direct costs of supplies, travel, and equipment are allowable unless excluded by award terms and conditions.

- Cost sharing contributions may consist of direct costs for administrative salaries only if the costs are considered allowable in accordance with the four requirements in Uniform Guidance. (See 2 CFR 200.306 and 2 CFR 200 Subpart E (2 CFR 200.400).)

Flow-Through Agreement
A funded or flow-through agreement is allowable for cost sharing if the sponsor provides prior approval.

Pre-Award Costs
Pre-award costs up to 90 days prior to the effective date of the award are permitted by some federal programs under expanded authorities. When permitted, cost sharing contributions are allowed within this time period.

With sponsor approval, retroactive cost sharing is allowed back to any date that precedes the effective begin date of the award or the pre-award cost date.

Account Overrun (Overdraft)
For any account, or aggregation of accounts when summarized for closure at the award level, the amount of the account overrun (overdraft) is treated as cost sharing regardless of whether the award has a cost sharing obligation.

If the award has a cost share obligation, SPS reports the amount of account overrun to the sponsor.

Unrecovered F&A Costs
Unrecovered F&A costs are allowed as cost sharing when included in a proposal budget and budget justification when approved by the sponsor.
Cost Sharing and Matching

Program Income

Program income is allowed as cost sharing if specifically authorized in the notice of grant award, or other program policies or guidelines.

Nonallowable Expenditures

Administrative Expenditures

Administrative salaries, office supplies, and telephone are normally treated as F&A costs and not allowable for cost sharing, except as noted in Direct Costs.

Salary Dollars in Excess of Sponsor's Limit

Cost sharing salary dollars in excess of a sponsor's regulatory salary cap are not allowable.

Nonallowable as Direct Costs

Costs that are not allowable as direct costs to a sponsored agreement may not be used to cost share unless allowed by either the proposal instructions or prior written approval of the sponsor.

Facilities and Equipment

Cost sharing for space in University-owned facilities and equipment is not allowable.

NOTE: A proposal budget justification may include references regarding the use of University space and the use of University equipment for the purpose of clarifying to a sponsor how the proposed sponsored project is to be conducted. However, the justification is to be presented in such a manner that neither the sponsor nor the University considers such use as a cost sharing commitment.

MONITORING COST SHARING COMMITMENTS

The PI and departmental grant administrators are responsible for ensuring that the cost sharing commitments are met in accordance with the budget categories and amounts included in the proposal budget. The cost sharing obligation and cost sharing expenditures are available electronically in the AIS BALANCES application under the Cost Sharing menu.

Failure to meet the cost sharing obligation may require the department to repay the sponsor for the funds previously provided.

SPECIAL CIRCUMSTANCES

Volunteer Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the services are an integral and necessary part of an approved project or program.
Cost Sharing and Matching

Volunteer Services (cont.)
Rates for volunteer services must be consistent with rates paid for similar work in the recipient's organization. In those instances, in which the required skills are not found in the recipient organization, rates are to be consistent with pay for similar work in the labor market in which the recipient competes for the applicable services. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

Donated Supplies and/or Equipment
Donated supplies may include, but are not limited to, expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share must be reasonable and may not exceed the fair market value of the property at the time of the donation.

Donated equipment must be tagged and included in the University Property Inventory system. (See BPPM 20.50.)

Grant to Grant Cost Sharing
Departments may not cost share funds from one grant to another grant, except in the following situations:

• Cost sharing may come from a federal grant only if allowed by federal statute.

• Nonfederal grants may only be used for cost sharing with prior written approval from the sponsors of both grants.

NOTE: To report the cost share, follow the normal procedures (refer to Cost Sharing Commitment).