

Cost Share and Match

NOTE: The website URL for **Workday reference guides** that are referenced in this section is:
<https://confluence.esg.wsu.edu/display/WKB/Workday>

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 share when it is communicated to the sponsor. Sponsored Programs Services (SPS) is responsible for reporting cost share expenditures to the sponsor.

University cost share may take the form of a percentage or specific ratio of sponsor and University dollars and may also be referred to as cost match. The terms cost share and match are nearly synonymous and are often used interchangeably.

A sponsor may require cost share, or the University may voluntarily participate in cost share.

POLICY

It is Washington State University's policy that all mandatory and voluntary committed cost share is expensed and reflected in the appropriate awards within the appropriate budget periods, and reported to sponsors according to their reporting requirements and timelines. A reduction in mandatory or voluntary uncommitted cost share may only be approved in writing by an authorized representative of the sponsor.

Grant managers and principal investigators (PIs) must report mandatory and voluntary committed cost share to SPS no less often than quarterly, in order to facilitate timely cost share reporting to the sponsor. Cost share that goes unreported or significantly underreported (based on project timeline and milestones) may result in other award lines within the applicable award being inactivated until an acceptable, proportionate amount of cost share is reported to SPS.

Mandatory and voluntary committed cost share obligations that have not been documented within 60 days of the end of the award may result in a refund to the sponsor for a proportionate amount of expenses, in order to facilitate timely reporting and closure of the award. Any overdrafts resulting from such refunds are processed from the appropriate cost center hierarchy's overdraft protection cost center, or F&A recovery cost center if an overdraft protection cost center does not exist.

Cost Share and Match

Applicability

This University policy applies to all sponsored agreements entered into on behalf of Washington State University.

DEFINITIONS

The definitions below apply to terms used in this section.

Cost Share

Cost share represents the portion of the total project costs paid by the University or a third party, rather than the sponsor.

Mandatory Cost Share

Mandatory cost share is defined as the cost share obligation required as a condition of the award. This type of cost share, as documented through the sponsor's policies, the notice of funding opportunity announcement (NOFO), and/or the award document, must be included in the proposal budget and budget justification.

Voluntary Committed Cost Share

Voluntary committed cost share is defined as cost share 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, if and when awarded to the University.

Voluntary Uncommitted Cost Share

Voluntary uncommitted cost share is defined as costs or effort that are not included as part of the submitted proposal or required by the sponsor.

The grant manager and/or PI are not required to track or report voluntary uncommitted cost share to SPS.

Third-Party Cost Share

In accordance with Uniform Guidance, third-party (also called "in-kind") contributions 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. Third-party cost share must both benefit the federally assisted project or program and be contributed by a nonfederal third party, without charge. Since the source of the expense is outside the University, the goods and services are not recorded as billable expenses in Workday.

In Workday, SPS posts third-party cost share as a manual journal entry. The cost share appears in the award and reduces the billable expenditures to the sponsor.

The grant manager and/or principal investigator (PI) must track and report third-party cost share to SPS no less than quarterly.

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Third-Party (cont.)

Third-party cost share may be used to meet mandatory and voluntary committed cost share obligations, as allowable.

Cash Cost Share

Cash cost share is defined as cost share where the source is expenses from within the University's Workday financial accounting system. The expenses may be from cash donations or other grants where allowable.

The grant manager and/or principal investigator (PI) must track and report cash cost sharing to SPS no less than quarterly.

Cost Share Obligation

The cost share 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.

Facilities and Administrative (F&A) / Indirect Costs

Facilities and administrative (F&A) costs are also known as indirect costs or overhead. See *BPPM* 40.25. The federal government approves recoverable F&A/indirect 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

Unrecovered F&A Costs

Unrecovered F&A (also referred to as waived F&A) is the cost difference between the recoverable F&A based on the rate approved by the University's cognizant agency for indirect costs in the Negotiated Indirect Cost Rate Agreement (NICRA), and the actual rate approved by the sponsor in the relevant agreement. The additional costs borne by the University due a difference between the two rates may be used as cost share, and to meet mandatory or voluntary committed cost share obligations, if approved by the sponsor.

COST SHARE COMMITMENT

Cost Share Required

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

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509-335-9661

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Impact of Voluntary Commitments

A PI, with prior approval from their highest cost center hierarchy administrator may include voluntary cost share in a proposal. All units must consider the impact of extraordinary cost share on current resource availability and the ability to meet future mandatory cost share obligations when including voluntary cost share 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 unnecessary administrative burden on faculty and staff and a negative impact on the University's F&A cost recovery efforts.

Failure to Meet Cost Share Commitments

The University may be held liable if it fails to meet commitments for mandatory and/or voluntary committed cost share. 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.

Office of Research Support and Operations (ORSO) Responsibilities

In submitting proposals to sponsors, the Office of Research support and Operations (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;
- Negotiates special cost sharing provisions with sponsors, when required; and
- Consults with PIs, grant managers, and SPS when conditions warrant.

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COST SHARE 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 share, regardless of sponsor.

Contributions

All contributions, including cash and third-party in-kind (noncash), are accepted as cost share 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 may be included in a proposal's budget and used as cost share:

- 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 share budget is subsequently amended and approved by the sponsor.

NOTE: The recovery of F&A costs does not apply to third-party cost share.

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POST-AWARD ACCOUNTING AND DOCUMENTATION

Workday is the official system of record for all cost share activity, regardless of source.

NOTE: Records for cost share recorded prior to January 1, 2021 may be found in the legacy system Business Objects (Webi) and in SPS award files.

Cost share is tracked in Workday using grant and cost share worktags in tandem.

Award Setup

Upon setting up the award in Workday, SPS reviews the eREX to see if cost share has been committed.

In setting-up an award that requires cost share, the cost share obligation is entered in the in Workday at the award header under funding details. Separate award lines are created for cost share.

Grant managers and PIs may view the cost share obligation and cost share met in the award. The Workday system provides various reports to view accumulated award costs. (See the applicable Workday reports inventory and reference guide.)

Gathering Supporting Information

Cost share expenditures are gathered in Workday at the transaction level using the cost share worktag. Grant managers approve cost share on the following Workday transactions:

- Payroll Costing Allocations
- Supplier Invoices
- Expense Reports
- Procurement Card Verification

SPS gathers cost share information from departmental memorandums, third parties, and subcontractors. (See also [Sources for Cost Share](#).) SPS inputs cost share from:

- Waived F&A costs
- Third-party cost share (manual journals)
- University cost share
- Subcontractor cost share

SPS retains all related documentation in Workday, Business Objects (Webi), or the award file.

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Cost Share Effort

Reporting cost share that includes a University employee's salary and benefits is accomplished when creating that employee's payroll costing allocation. See the Workday Assign Costing Allocation reference guide.

For further information regarding effort certification procedures and requirements, see *BPPM* 40.37 and the applicable Workday Grants reference guides.

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

budget.wsu.edu/

Accessing Cost Share Information

Grant managers and PIs may access the Grants Cost Share Report for cost share reporting information and data included in the F&A cost proposal. To view the report, create an Award Budget to Actuals Dashboard Reports transaction in the Workday system.

Records Retention

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

SPS is responsible for ensuring that the primary copy of cost share reported through the Effort Certification transactions are retained in Workday and the legacy system and disposed of in accordance with the records retention and disposition requirements in *BPPM* 90.01.

SOURCES FOR COST SHARE

Faculty and Staff Effort

The department sets the salaries and benefits to be cost shared when completing the Assign Costing Allocation business process in Workday. The department assigns the necessary cost share salary amount to a non-sponsored fund and function, but with the

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Faculty and Staff (cont.)	appropriate cost share grant worktag also attached. (See <i>BPPM</i> 40.37 and the applicable Workday Grants and Payroll reference guides.)
Temporary Employee Wages	The grant manager records effort for temporary employee wages and associated benefits using the applicable cost share worktag in Workday. (See the Workday Grants reference guides for instructions.)
Supplies/Equipment/ Other Contributions	The grant manager provides line item expense detail for supplies, equipment, and other contributions to SPS using the applicable cost share worktag in Workday. (See the Workday Grants reference guides for instructions.) The grant manager must approve the applicable transactions.
Unrecovered Facilities and Administrative Costs (F&A)	SPS manually calculates unrecovered F&A amounts based on the approved award and enters the amounts into Workday.
Tuition Waivers	The value of tuition waivers is allowable if approved by the sponsor. The grant manager 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 share are recorded from information provided in letters or memorandums that conform to the categories and/or provisions contained in the approved proposal budget. The department submits third-party contribution amounts to SPS using the Create Request Third-Party Cost Share business process in Workday. (See the Workday Create Request Third Party Cost Share reference guide for instructions.)
Required Supporting Documentation	Two letters or memorandums are required to support each third-party contribution: <ul style="list-style-type: none"> <li data-bbox="597 1663 1433 1728">• One memorandum from the donor that includes the following information: <ul style="list-style-type: none"> <li data-bbox="646 1768 1304 1801">◦ Dollar amount (or fair market value for in-kind) <li data-bbox="646 1803 1336 1837">◦ Time period during which the match was provided <li data-bbox="646 1839 1385 1906">◦ Signature of an authorized individual from the donor's business

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Documentation (cont.)

- One memorandum from the department which summarizes the donor memo and includes a signature from the PI or grant manager for the cost center.

Subcontracts

Cost share from a subcontract is normally included in the invoice received from the subcontractor or a memorandum. SPS enters the amount into Workday.

ALLOWABLE AND NONALLOWABLE EXPENDITURES

Cost share is allowed for some expenditures under certain conditions and not allowed for other expenditures, as described below.

Allowable Expenditures

Direct Costs

Cost share 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 share contributions may consist of direct costs for faculty effort certified to a grant worktag or worktags and related fringe benefits.
- Direct costs of supplies, travel, and equipment are allowable unless excluded by award terms and conditions.
- Cost share contributions may consist of direct costs for administrative salaries only if the costs are considered allowable on the award.

Flow-Through Agreement

A funded or flow-through agreement is allowable for cost share *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 share contributions are allowed within this time period.

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

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	Account Overrun (Overdraft)	For any award line, or aggregation of award lines when summarized for closure at the award level, the amount of the account overrun (overdraft) is treated as cost share regardless of whether the award has a cost share 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 share when included in a proposal budget and budget justification when approved by the sponsor.
	Program Income	Program income is allowed as cost share <i>if</i> 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/indirect costs and not allowable for cost share, except as noted in Direct Costs .
	Salary Dollars in Excess of Sponsor's Limit	Cost share 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 share 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 share commitment.

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MONITORING COST SHARING COMMITMENTS

The PI and departmental grant managers are responsible for ensuring that the cost share commitments are met in accordance with the budget categories and amounts included in the proposal budget, and reporting to SPS no less than quarterly. The cost share obligation and cost share expenditures are available electronically in the Workday CR GRA Cost Share Report or directly in the award. See the applicable Workday reference guide for instructions.

Failure to meet the cost share 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 share if the services are an integral and necessary part of an approved project or program.

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 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 Assets functional area of Workday. (See *BPPM 20.50* and the applicable Workday Assets for instructions.)

Award to Award Cost Share

Departments may not cost share funds from one award to another award, except in the following situations:

- Cost share may come from a federal award only if allowed by federal statute.

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Award to Award (cont.)

- Nonfederal awards may only be used for cost share with prior written approval from the sponsors of both awards.

NOTE: To report the cost share, follow the normal procedures (refer to [Cost Share Commitment](#)).