

## California State University, Sacramento

### COST SHARING PRINCIPLES

#### PURPOSE

The purpose of these guidelines is to provide direction in accumulating and reporting committed cost sharing on applicable grants and contracts.

#### DEFINITION

When federal statute or agency regulations require that Sacramento State share in the cost of sponsored research projects, the Sacramento State contribution is referred to as "cost sharing" or "matching." In general, cost sharing and matching represents that portion of project or program costs not borne by the sponsor. (In this document the term "cost sharing" is synonymous with "matching.") Cost sharing can be voluntary or mandatory (that is, required by means of a statute, law, or sponsor guidelines), and can take the form of either cash contributions or in kind contributions.

Cash Contributions represent the recipient's (that is, Sacramento State or University Enterprises) cash outlay, including the money contributed to the recipient by non-Federal third parties.

In kind Contributions represent the value of all noncash contributions, including services, space (not covered by the Sacramento State federal F and A agreement), and equipment use, provided by the recipient and/or non-Federal third parties.

#### PRACTICE

It is the practice of Sacramento State and the University Enterprises not to offer cost sharing to a sponsor unless it is mandatory.

#### Reasons:

1. If Sacramento State or University Enterprises resources are committed to a project unnecessarily, then they are not available for instances when cost sharing is required.
2. Cost sharing can have the effect of eroding an institution's Facilities and Administrative cost rate.
3. All cost sharing, even voluntary, must be tracked and accounted for in the University Enterprises' accounting records and leaves Sacramento State and the University Enterprises open for audit concerns if not addressed properly.

The sponsoring agency's program guidelines typically indicate whether or not cost sharing is mandatory for a specific proposal submission. The Sacramento State Office of Research Administration is required to ensure that the proposal budget reflects the proper level of cost sharing required and that the University has approved the cost share obligations. Except under very unusual circumstances, Research Administration will not include any cost sharing beyond that mandated by the sponsor. Whether it is mandated or voluntary, budgeted cost sharing must be documented in the post award phase of a project by the Principal Investigator and submitted to UEI for accounting purposes.

#### Acceptable Cost Sharing Items

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

1. Salaries of faculty or staff who are paid by Sacramento State or University Enterprises, 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.

3. Indirect costs foregone, where the application requests less than the federally approved negotiated rate, and where the sponsor does not prohibit the use of indirect foregone as cost sharing.
4. Rent when a project occupies Sacramento State or University Enterprises owned or rented space that is not included in the Sacramento State federal F and A agreement, or when there is less than full recovery of indirect costs.
5. Other direct costs, such as supplies, equipment, or travel that are paid for from non-Federal funding sources.
6. Project costs financed by cash contributions by the recipient, or by cash donated to the recipient by non-Federal third parties.
7. Project costs represented by services and property donated by third parties (non-Federal public agencies and institutions, private organizations, and individuals).

**All matching contributions, both cash and in-kind, must adhere to the following criteria as required by OMB Circular A 110**

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 (OMB Circular A 21, 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.

**PROCEDURES**

**Cost Sharing Valuation Methods**

1. **Recipient In kind Contributions:** Values for recipient in kind contributions must be in accordance with applicable cost principles (generally OMB Circular A 21). Grantee institutions are only allowed to offer goods and services as cost sharing when they are able to verify the value from their records. A faculty member who is released from some part of his/her teaching load could devote that released time to a project (if corresponding reimbursed time is not realized from the project), and this compensated time could be used as cost sharing.
2. **Third Party In kind Contributions** OMB Circular A 110 is the primary source for determining the allowability of cost sharing. Subpart C, Section .23 of that circular provides definitions and guidelines for the computation of cost sharing and matching. The attachment clearly allows for the use of volunteer services as cost sharing, but only when such services are provided by non-Federal third parties.