

**FROSTBURG STATE UNIVERSITY  
COST SHARING POLICY**

Approved September 3, 2009; amended March 27, 2013

**I. POLICY**

The University agrees to cost sharing in a proposal only when it is a requirement that is stated within the request for proposal or the program announcement. This is applicable not only to new proposals, but to non-competing continuations.

**II. DEFINITIONS**

A. Records

- i. Recipients Records: are the University's written documents used for verifying cost sharing in the event of an audit.

B. Matching Funds

- i. Mandatory Cost Sharing (or Match): occurs when the sponsor requires it as an award condition (either cash or in-kind). This includes cost sharing resulting from a salary limitation that restricts the amount of direct salary an employee who is working under a sponsored grant or agreement can be paid by the granting agency. For example, the NIH Grants Policy Statement establishes and publishes a salary cap schedule each year that restricts the amount of direct salary an employee who is working under an NIH grant or cooperative agreement can be reimbursed from the granting agency.
- ii. Cash Contributions (or Match): represent the University's cash outlay, including actual funds from internal and external sources. Funds from Federal sources may not be used as part of the University's cash contributions unless these funds are authorized by Federal statute to be used for cost sharing. Cash contributions may be generally distinguished from in-kind contributions because cash contributions are recorded in the University's accounting system. For instance, a portion of an employee's salary is a cash contribution.

- iii. In-Kind Contributions (or Match): represent the value of all University non-cash contributions, including services and donations, provided by the University and/or non-Federal third parties. In-kind contributions may be generally distinguished from cash contributions because in-kind contributions are not recorded in the University's accounting system.

C. Other Cost Sharing

- i. Voluntary Committed Cost: represents additional effort expended on the project that was committed to at the time of award. This type of cost sharing occurs when effort exceeds salary reimbursement and committed effort levels outside of regular rebudgeting authorities granted by the sponsor.
- ii. Voluntary Uncommitted Cost Sharing: represents additional effort expended on the project that was not committed to at the time of award. This type of cost sharing commonly occurs during smaller projects that require measurable effort, even though none is formally committed, or whenever actual effort exceeds the level committed. It also occurs when effort exceeds salary reimbursement and committed effort levels outside of regular rebudgeting authorities granted by the sponsor.

**III. PURPOSE**

The purpose of this policy is to provide direction on how to account for and report cost sharing on all grants and contracts.

**IV. SCOPE**

A. The University's Policy on Cost Sharing is based on the following issues:

- i. In general, sharing represents that portion of the project or program costs not borne by the sponsor. Cost sharing can be required by the sponsor or voluntary. It can take the form of either cash contributions or in-kind contributions.
- ii. If the University's resources are committed to a project unnecessarily, then they are not available for other uses or for those situations when cost-sharing is required.

- iii. Voluntary committed and mandatory cost sharing can have the effect of eroding the University's Facilities and Administrative (indirect cost) rate.

## V. PROCEDURES

- A. All cost sharing or matching contributions, both cash and in-kind, must adhere to the following criteria as required by OMB Circular A-110, Subpart C, Section 23.

### B. Pre-Award Processes

- i. The Office of Research and Sponsored Programs (ORSP) reviews the program guidelines to verify that cost sharing is required, and if so, at what level. If a proposal is submitted and contains cost sharing that is not a requirement of the award, the ORSP will inform the project director of the University's policy and work with him to remove any unnecessary cost sharing.
- ii. In addition, the budget, budget narrative, and scope of work must all be carefully reviewed to determine if any cost sharing is offered. Specific University resources that may make a proposal more attractive, but that are not offered as cost sharing, can be described in detail and said to be "available." In such cases, no dollar value should be assigned and no language that indicates "contribution" should be used anywhere in the proposal.
- iii. The following are pertinent to proposal development and internal administrative review of proposals:
  - a. All cost sharing must be disclosed on the internal review cover sheet and a detailed breakdown of the source of funds must be clearly indicated.
  - b. All cost sharing must be specified in the budget and budget narrative sections of the proposal.
  - c. All cost sharing must have the approval of the appropriate campus funding department prior to submission of the proposal, signified by a signature on the internal review cover

sheet or by e-mail. Third party cost sharing must be certified by a signed letter of commitment prior to proposal submission.

- d. All cost sharing obligations must be met from non-Federal Sources except where authorized by Federal statute to be used for cost sharing.
- e. All cost sharing must be for allowable costs—which, among other restrictions, must be for the *exclusive* purpose of the project.
- f. If the Facilities and Administration (F&A or indirect) costs rate allowed by the sponsor is lower than the University’s federally negotiated rate, then the difference can and should be shown as cost share.
- g. Any direct cost contributed as cost share which incur associated Facilities and Administrative (F&A or indirect) costs, if approved by the sponsor, should be included in the cost sharing budget separately from any other contributed cost sharing.
- h. ORSP will verify with the project director that any equipment match indicated will be purchased within the term dates of the project and will be dedicated exclusively to the project.
- i. ORSP and the Grant Accountant will work together with the project director on the appropriate wording to describe “other resources” available to the project as part of the proposal to ensure that the “other resources” are not misconstrued as a cost share commitment.

### C. Post-Award Processes

- i. The award document, proposal budget, budget narrative and scope of work must all be carefully reviewed to determine if any cost sharing was offered or is required as a condition of award. The Grant Accountant will assist/advise the project director to any costs offered in the proposal as cost sharing whether or not it was required by the sponsoring agency.

- ii. All post-award changes that affect existing cost share commitments or create new cost share commitments under the award must be approved by the campus funding sources. After approval, the change may be implemented or, if sponsor approval is required, the request for sponsor approval may be made. Examples include but are not limited to change in effort committed to the project and change in the portion of committed effort paid by award funds. All cost sharing, with the exception of voluntary uncommitted cost sharing of faculty effort, must be recorded in the corresponding PS Project assigned by the Grant Accountant in the University's Financial System. Consistent with the OMB Clarification Memorandum M-01-06 dated January 5, 2001, voluntary uncommitted cost sharing of faculty effort may be left undocumented or may be documented on the faculty member's effort form.

#### D. Cost Sharing Valuation Methods

- i. University In-Kind Contributions: Values for in-kind contributions must be in accordance with applicable cost principles (generally OMB Circular A-21). The University is only allowed to offer goods and services as cost sharing when it is able to verify the value from its records. This can only be accomplished by the University paying an individual or buying something, and then offering a portion of those purchased goods or services to the project. OMB Circular A-21 describes the manner in which the University must document the value of its activity by way of personnel activity (effort) reports. Such things as classroom or lab usage and office supplies & support are included in F&A (indirect) costs.
- ii. Third Party In-Kind Contributions: Third-party in-kind contributions are valued as the cost to the University had it paid for the item or service at the time of donation. OMB Circular A-110 Subpart C, Section 23 provides definitions and guidelines for the computation of cost sharing. Third parties must submit a donor form that documents the value of their contribution.

## VI. RESPONSIBILITIES

- A. Because all cost sharing commitments are subject to audit, the University requires appropriate documentation of cost sharing.

B. Responsibilities of individuals and departments are described below:

- i. Securing all necessary cost sharing commitments from their organization units or external sponsors in accordance with specific agency program requirements.
- ii. Maintaining records to explain and certify fulfillment of cost sharing commitments.
- iii. Completing and adequately verifying, with appropriate documentation, necessary cost sharing certification forms (Appendix A), and submitting them in a timely manner to the Grant Accountant. The Grant Accountant shall be consulted for examples of appropriate documentation.

C. The Grant Accountant is Responsible Pre-Award for:

- i. Approving the cost sharing plan included in sponsored program award budgets. The signature of the Grant Accountant on the internal review cover sheet shall serve as evidence of adequate review and concurrence of the cost share claimed.

D. The Grant Accountant is Responsible Post-Award for:

- i. Reviewing award documents, program specific guidelines, and agency requirements to determine any cost share requirements.
- ii. Establishing corresponding PS Projects for the collection of cost shared costs.
- iii. Monitoring cost share in corresponding PS Projects.

E. Department Chairs/Directors are Responsible for:

- i. Approving, verifying, and ensuring that the Department, and/or outside third parties, can and will meet their share of all cost sharing commitments (cash and in-kind).
- ii. Determining that the percentage of faculty or staff time committed as an in-kind cost sharing contribution is reasonable, and that individuals are not overcommitted.

- iii. Signing the proposal routing form to approve proposed cost sharing. The signature of the Department Chair internal review cover sheet serves as evidence of adequate review and concurrence of the cost share claimed.

F. School Dean is Responsible for:

- i. Approving, verifying, and ensuring that academic unit cost sharing commitments (cash and in-kind, including faculty effort) can and will be met without interfering with other approved instructional and research activities.
- ii. Signing the proposal routing form to approve the school proposed cost share. The signature of the school Dean on the cost share form serves as evidence of adequate review and concurrence of the cost share claimed.

G. The Office of Research and Sponsored Programs is Responsible for:

- i. Reviewing program specific guidelines and agency requirements during the pre-proposal phase to determine the necessity of cost sharing.
- ii. Verifying the approval of all cost sharing commitments (cash and in-kind) prior to proposal submission.
- iii. Informing all applicants at the pre-submission phase of their cost share responsibilities should their proposal be funded.
- iv. Signing the proposal routing form. The signature of the ORSP on the proposal routing form shall serve as evidence of adequate review and concurrence of the cost share claimed.

H. The Vice President for Administration and Finance is Responsible for:

- i. Approving the cost sharing plan included in grant and/or contract award budgets. The signature of the Vice President for Administration and Finance on the internal review cover sheet shall serve as evidence of adequate review and concurrence of the cost share claimed.