

COST SHARING/IN-KIND CONTRIBUTIONS

The purpose of these guidelines is to provide direction in proposing and budgeting cost sharing for grants and contracts.

Cost Sharing Defined

When federal statute or agency regulations require that the University share in the cost of sponsored research projects, the University's contribution is referred to as 'cost sharing'. In general, cost sharing and matching represent that portion of project or program costs not borne by the sponsor (generally the federal government). Cost sharing can be voluntary or mandatory (that is, required by means of a statute or law), and can take the form of either cash contributions or in-kind contributions.

Cash Contributions represent the recipient's (that is, Cal State LA or UAS) cash outlay, including the money contributed to the recipient by non-federal third parties.

In-kind Contributions represent the value of all non-cash contributions, including services and property, provided by the recipient and/or non-federal third parties.

ORSP policy is to dissuade Principal Investigators (PIs) from proposing cost sharing to a sponsoring agency if it is not mandatory. There are several reasons for this. First, when PIs offer cost sharing to a sponsor that does not require it, they reduce the funds available for other projects that do require cost sharing. Second, by committing cost-sharing funds, the University, UAS and the PI become responsible for securing, tracking and documenting all cost-sharing commitments. Accurate accounting of these commitments is necessary to meet annual audit requirements, and these commitments may become audit concerns if not addressed properly. It is time-consuming and expensive to document these cost-sharing commitments. Finally, certain faculty members who have many awards that include salary cost sharing may become over-committed, resulting in an inability to substantiate the promised levels of support.

Mandatory cost sharing is usually specified in a sponsor's program guidelines. PIs are responsible for securing and negotiating all mandatory cost sharing. ORSP will assist PIs in the interpretation of cost-sharing requirements and ensure that program guidelines are satisfied. ORSP will also instruct the PI regarding the documentation needed to support all on-campus and off-campus cost-sharing proposals.

1. Items that may be Cost Shared:

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 the University, and who devote a percentage of their compensated time to a sponsored project, without receiving reimbursement from the sponsor. Cost sharing a faculty member's personal time is not allowed.

2. Facilities and Administrative costs (F&A) that the University has not recovered. In the event that the sponsoring agency has a maximum F&A rate that is lower than our federally negotiated F&A rate, the University is entitled to cost share the unrecovered indirect costs if the funding agency allows it.
3. Space not included in the calculation of the F&A rate that is usually rented space. For auditing purposes, it is best to cost share space when there is less than full recovery of F&A costs.
4. Other direct costs, such as supplies, equipment, or travel that are paid from non-federal funding sources.
5. Third party or external contributions to a project (e.g., non-federal public agencies and institutions, private organizations, and individuals). All third-party or external contributions should be secured prior to the submission of a proposal or the execution of a contract. If third-party cost sharing is proposed but not yet secured, then the PI must submit to ORSP a legally-binding statement from the third-party contributor, committing the contributor to the cost-sharing amount if the proposal is funded. In this case, the PI must also ensure that the third-party contributor's budget estimates are presented in a line-item budget that is reasonable and justified.

All cost sharing contributions, both cash and in-kind, must adhere to the following criteria, as required by OMB Circular A-110. Cost sharing contributions must be:

1. Verifiable from the recipients' records.
2. Not included as contributions for any other federally assisted project or programs.
3. Necessary and reasonable for proper and efficient completion of the project or program objectives.
4. Allowable under the applicable cost principles (OMB Circular A-21, or other sponsor regulations if the sponsor is non-federal.)
5. Not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. Provided for in the approved budget when required by the sponsoring agency.
7. Consistent with other provisions of Subpart C, Section .23 of OMB Circular A-110.

2. Items that may not be Cost Shared:

1. Third-party cost sharing that is presented in aggregate and not presented in a detailed, line-item budget.
2. Third-party cost sharing that has not been presented and signed by an authorized representative of the third-party.
3. Space that has been used in the calculation of Cal State L.A.'s F&A rate.
4. Contributions from projects funded by the federal government.
5. Cost sharing that cannot be documented.
6. Cost sharing that is not relevant to the project.