

Match/Cost Share

Cost Sharing/Matching Funds/In-Kind Contributions on Sponsored Projects

Cost sharing or matching occurs when the University shares in the cost of the project. If the sponsor does not require cost sharing, it should not be reflected. All cost sharing is reportable, and auditable records must be maintained.

UAA's policy is not to approve any cost sharing unless it is required by the funding agency.

Cost sharing required by funding agency will be indicated in the Request for Proposal (RFP). The proposed method of satisfying cost sharing obligations should be listed at the time of the proposal submission. The method of match/cost sharing should be documented through the Internal Routing Form and included in the proposed budget. The OSP-002 Form should be completed and approved when the proposal packet is submitted. Because cost sharing is a condition of the award, the PI is responsible for the proper management and oversight of cost sharing expenditures to ensure that this obligation is met. Described below are best practices to meet cost sharing requirements in various situations.

Procedures:

- Required cost sharing will be noted on your Notice of Grant Award.
- **Do not wait until the end of the award !** Upon receipt of your award, discuss plans for incurring cost sharing expenditures with your Grant Coordinator/Fund Technician in Grants & Contracts.
- Cost sharing should be expended at the same time that sponsored funds are expended.
- The PI is responsible for regularly monitoring cost sharing expenditures using the Q-Menu reports or similar Banner based data.
- Most common cost sharing sources are third-party match, waived F&A, or operating funds (104110) as matching funds.
- Most sponsors require 'bottom line' obligations to be met; don't cost share more than required.
 - Some sponsors require expenditures to follow originally awarded cost sharing budget and follow same rebudget-approval requirements with cost sharing budget as they do sponsored funds. *Review sponsor regulations.*
 - Some cost-sharing is related to mandatory effort commitments

Definitions:

Cost Sharing/Match Funds/In-Kind Contributions (M/CS): M/CS is the portion of allowable project costs not paid by a sponsoring agency. These project costs are paid by UAA or through third party contributions. M/CS may consist of direct costs and/or unrecovered F&A costs (a cash match) or the value of donated services and real or personal property (in-kind).

Matching Funds: To "match" funds concurrently with the expenditure of federal funds.

Cost Sharing: The obligation to share project costs must be made by the end of the project term.

In-Kind Contribution: A non-cash contribution of the fair market value of goods or services provided to a project.

Responsibilities when M/CS is proposed:

- **Responsible University Officers:** The OSP Director is responsible to perform final reviews of M/CS commitments on all sponsored programs to ensure they are compliant with the law and UAA policy and to grant or deny institutional approval of these commitments. The Vice Provost for Research & Graduate School shares the responsibility for final M/CS review and approval authority and has the authority to authorize funds for equipment purchase match. The Grants & Contracts Director is responsible for final certification to the sponsor of approved and allowable charges attributable and verifiable as M/CS.
- **Office of Sponsored Programs:** OSP is responsible for reviewing M/CS commitments on all sponsored programs to ensure they are in compliance with federal rules and regulations as well as UAA policy.
- **Grants and Contracts:** Grants & Contracts is responsible for assigning unique fund identifiers (Fund(s) 146) to track university-committed funds and to ensure that unrecovered F&A and certified third party match amounts are recorded in the Banner Finance System.
- **Department:** The initial responsibility for M/CS commitments rests with the proposing department. The unit dean or director must authorize and approve M/CS commitments if departmental resources are going to be used. Departments are responsible

for all M/CS commitments, including obtaining third party contributions.

- **Principal Investigator:** It is the responsibility of the Principal Investigator (PI) to seek out and secure sources of all M/CS commitments and obtain necessary approvals before the proposal is submitted to OSP. PIs should discuss proposed M/CS commitments with their department Fiscal Officers well in advance of the submission deadlines to avoid last-minute problems and misunderstandings.
- **Third Parties:** Third parties must certify their M/CS commitments prior to submission of the proposal to the OSP. Such third parties are subject to audit. The university is held accountable for all committed M/CS funds regardless of the source. If the M/CS cannot be paid or tracked in accordance with federal standards as was originally anticipated, or the third party is unable to meet its obligation, the bottom line value declared in the terms of the award must be met by the proposing department responsible for the project and award.

Types of Match/Cost Sharing

- **Mandatory:** Mandatory M/CS is a committed level of M/CS that is required by the sponsor in its general guidelines or in a specific program announcement.
- **Voluntary Committed:** Voluntary committed M/CS is not required by the sponsor, but offered by UAA and quantified in the proposal budget. If accepted by the sponsor, voluntary commitments are reflected in the final budget agreement between UAA and the sponsoring agency. As a condition of the award, these commitments must be tracked in UAA's financial system and are subject to audit. UAA does not normally authorize voluntary committed M/CS.
- **Voluntary Uncommitted:** Voluntary Uncommitted M/CS is defined as "university faculty (including senior researchers) effort that is over and above the effort committed and budgeted for in a sponsored agreement." (A-21 Memo M-01-06) Voluntary uncommitted M/CS is not required as a condition of the award. These commitments will not be reflected in the final budget agreement between UAA and the sponsoring agency. This treatment is consistent with 2 CFR 220 (OMB Circular A-21) in that precise documentation of faculty effort is not always feasible and is not expected because of the inextricably intermingled functions performed by the faculty in an academic setting. Applicable and allowable costs in overrun of the allocated budget are also be recognized as Voluntary Uncommitted M/CS.

Allowable Forms of M/CS

Faculty Time: A faculty member's academic year salary, in which an attributable and verifiable portion of their compensated time is devoted to a sponsored project, with related staff benefits and the associated F&A on the salary and benefits.

In-Kind (UAA and Third Party): In-kind contributions are non-cash contributions in the form of goods or services that can be given a cash value. Examples include the fair market value of project supplies, transportation, and services including volunteers (not UAA employees).

Other Direct Costs (UAA and Third Party): Other direct costs that are paid for from sources other than the sponsor and directly attributable to support of the project may be used as M/CS. Examples include travel or equipment.

Unrecovered Indirect Costs (UAA): Some sponsors limit the amount of indirect cost recovery UAA can receive on a project. The difference between the UAA's federally negotiated indirect cost rate and the sponsor's limited indirect cost rate (unrecovered indirect costs) may be used as a M/CS commitment, but only with advance written approval from the sponsor. A third party's indirect costs may not be used as M/CS.

Unallowable Forms of M/CS:

Certain contributions are unallowable forms of M/CS. Expenses listed in 2 CFR 220 (A-21, Section J.) as unallowable costs cannot be listed as M/CS contributions, either in the proposal or in the award.

- Costs used to meet a M/CS commitment on another project. (Since these funds have already been committed and possibly expended, they cannot be used again.)
- Using federal funds to meet a M/CS commitment on another federally-funded project unless specifically allowed by statute or by the federal sponsor's program guidelines.
- UAA-owned space, buildings, and equipment.
- Administrative salaries such as those of a dean, department chair or clerical position.
- Any cost that duplicates the type of costs in the campus indirect cost rates.

Exclusions from Policy

Leveraging Funds/Resources - Leveraging occurs when a sponsor requests the applicant to demonstrate additional resources, including co-funding, that are available to the applicant for the project. Some sponsors require listing a dollar value to these resources. When possible, leveraged resources should not have a dollar value listed. While leveraging is not technically M/CS, listing a dollar value requires UAA to track these funds.

- Sponsor-required leveraging that lists a dollar value will be treated the same as regular M/CS in the pre-award and post-award stages. Match/Cost Share Form must be submitted with the proposal at the pre-award stage. At the post-award stage, an M/CS fund will be established and expenditures will be tracked in accordance with federal regulations.
- Leveraging that does not list a dollar value does not constitute a M/CS commitment and does not require either the Match/Cost Share Form or setup and tracking of a Fund 146 account.