

Policy 10 - Cost Sharing or Matching

Nature of the Agreement

Cost sharing or matching in grants and contracts are items that are used interchangeably. Cost sharing can either be imposed by a sponsor as a condition necessary to receive their support for research or training, or it can be volunteered on the part of the University to demonstrate its commitment to a project. Once a proposal containing cost sharing, be it imposed or volunteered, is accepted by a sponsor, it is considered binding upon the University and requires written approval from the sponsor to change. Cost sharing obligations must be kept within reason and must be capable of being fulfilled from acceptable resources available to the principal investigator. Once an award is accepted by the University, the Principal Investigator is responsible for ensuring that any cost sharing commitments are met, and that all necessary documentation is provided to Grants and Contracts Accounting. Cost sharing or matching expenditures incurred or services rendered must occur during the period of the award and are subject to the same sponsor guidelines and regulations.

As the contribution of resources under an in-kind agreement is not under the control of the University, much care must be exercised before entering into such an agreement. Once in operation, in-kind contribution agreements must be monitored by the researcher on an on-going basis to ensure that the agreement is fulfilled. This is accomplished by obtaining an after the fact certification from the entity.

Clarification of Terminology

Cost sharing or matching is that portion of the project or program costs not paid by the sponsor. There are two types of cost sharing.

- *Mandatory Cost Sharing* is required either by federal statute or by the established policy of the sponsor. Voluntary commitments in proposals become mandatory financial commitments (mandatory cost share) if the proposal is funded.
- *Voluntary* cost sharing is defined as over and above that which is committed and budgeted for in a sponsored agreement. More specifically, this is either additional time or resources provided by the researcher, which were not denoted in the proposal, towards completing the project.

Cash and In-Kind Contributions

Cost sharing from a University source is considered a cash contribution.

Examples of cash contributions include the following:

- Faculty time along with the associated fringe benefits and Facilities and Administrative Costs (if allowable by the sponsor) is the most commonly used matching item.
- Directly related supplies and services.
- Equipment
- Un-recovered Facilities and Administrative Costs, if approved by the sponsor.

Non-cash contributions provided by a third party are considered an in-kind contribution. There are two types of in-kind contributions: internal and external.

An example of an internal in-kind contribution is:

- A nine-month Missouri State University faculty member who is voluntarily working on a research project on campus during the summer without compensation.

Examples of external in-kind contributions include:

- Time donated by advisory council members.
- The value associated with the use of an off-campus meeting hall.
- Sub recipient cost-sharing.

Guidelines

Commitments to cost sharing and matching should be held to a minimum. The ability of the University to meet the commitment from acceptable resources must be clear.

As part of the proposal review process, when a Principal Investigator (PI) plans to include Missouri State University's resources or external entities' resources as cost sharing, this information is specifically identified in the budget and on the Internal Approval Form. It constitutes a formal commitment to the sponsor by the Department Head, Dean of the academic unit, Director of the center/institute, or the Vice President for Research and Economic Development. In cases where the matching involves external entities, a letter of commitment from each entity and a detailed budget must be submitted with the proposal. Any variation from this process must be approved by the Vice President for Research and Economic Development before the proposal can be processed. In those cases where the subcontractors are providing cost sharing, their budget needs to identify these commitments.

Once the application for grant, contract or cooperative agreement is funded by the sponsoring agency, Missouri State University is required to provide the stated resources listed as cost sharing and the same fiduciary responsibilities in expending these funds, as is done for the funds from the sponsoring agency.

The Principal Investigator is responsible for tracking and providing matching information to Grants and Contracts Accounting.

There are many instances where the cost sharing requirements for an award will be satisfied either in part or entirely by an entity external to Missouri State University.

Criteria for Allowability

According to the Office of Management and Budget (OMB) Circular A-110 definitions of cost sharing and matching, all contributions can be accepted as part of the recipient's cost sharing when such contributions meet all of the following criteria.

- Are verifiable from the records of the PI.
- Are not being included as contributions for any other federally-assisted project or program.
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- Are allowable under the applicable cost principles.
- Are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- Are provided for in the approved budget when required by the Federal awarding agency.

Please note, in cases involving un-recovered indirect costs, they may be included as part of cost sharing or matching only with the prior approval of the Federal-awarding agency.

Changes in Committed Cost Sharing

When an application or proposal that contains cost sharing is awarded, Missouri State University is expected to meet the cost sharing requirement in that application or proposal. If at the time of award, the sponsor's level of support is less than the University's originally proposed budget, any original matching commitments offered by the University or external entities on behalf of Missouri State University should be re-considered for possible reduction or elimination from the award. This consideration is handled by the Office of Sponsored Research and Programs. If during the life cycle of a project, conditions arise that make it impossible to satisfy the matching requirements, Grants and Contracts Accounting and the Office of Sponsored Research and Programs should be informed of this fact by the Principal Investigator. The Office of Sponsored Research and Programs is responsible for re-negotiating any reduction in the level of matching required by the sponsor. The Principal Investigator is responsible for eliminating any matching shortfall requirements.

Reporting of Cost Sharing or Matching and In-Kind

The Grant and Contract Accountant will provide guidance to assist the principal investigator in capturing the cost sharing information in accordance with federal regulation requirements. In cases where the origin of funds is not from a federal source, the principal investigator should consult with the Grant and Contract Accountant to determine how the reporting requirements might vary.