

UNIVERSITY OF ALASKA SOUTHEAST

Information Manual for Research and Other Sponsored Projects

Updated: October 2007

GM 17: Matching/Cost Sharing

This policy sets the procedures and standards to oversee and regulate the use of matching funds/cost sharing (M/CS) for all sponsored programs at UAS. This policy for M/CS is in accordance with 2 CFR 220 (OMB Circular A-21) and 2 CFR 215 (OMB Circular A-110), sets guidelines for when M/CS is appropriate and allowable for UAS sponsored programs, and sets procedures for budgeting and approval of M/CS.

UAS will authorize M/CS commitments only when required by the sponsoring agency and only to the extent necessary to meet the sponsor's requirements. All M/CS commitments must be included in the proposal budget and must be approved by the dean or director of the UAS unit or department responsible for these funds, or by the appropriate official of a third party. After that approval, all M/CS commitments must be approved by the Director of Budget and Grants before they will be binding. All committed M/CS must conform to UAS and federal guidelines regarding allowability, allocability, and reasonableness (cost accounting standards) and must be verifiable through documentation and UAS's financial accounting system.

UAS authorizes M/CS commitments only to the extent necessary to meet a sponsor's requirements. Match budget is the responsibility of the requesting department, and resources are limited. It is essential that the use of M/CS does not overburden these resources. UAS strives to protect the integrity of the process by which it is reimbursed for F&A costs and maximize the amount of F&A recovery. Excessive or unnecessary M/CS commitments have the effect of reducing the indirect cost rate since committed M/CS must be included in the determination of the negotiated F&A rate. Sponsors and auditors must be able to verify that M/CS funds have been committed and expended toward a project. This policy has been developed to help faculty and staff properly document and report M/CS commitments.

The terms "matching," "cost sharing," and "in-kind contributions" (all referred to here as M/CS) refer to the portion of allowable project costs not paid by the sponsoring agency. These project costs are paid by UAS or through contributions by organizations outside UAS (third parties). There is no distinction between the terms in federal law, 2 CFR 220 (A-21) and 2 CFR 215 (A-110). Historically, "matching" and "cost sharing" are the same principle expressed differently. Matching means to "match" concurrently during expenditure of funds. Cost sharing means that obligation must be met by the end of the project.

Compliance with federal cost accounting standards requires that M/CS expenses be treated in a consistent and uniform manner in proposal preparation, in award negotiation, and in the accounting of these expenses in financial reports to sponsors. Sponsors also require that any M/CS included in an award budget is a condition of the award and subject to audit.

All UAS sponsored programs involving M/CS commitments must be executed in accordance with university policies and procedures, applicable state and federal laws, regulations, policies and guidelines. Applicable laws, regulations, policies and guidelines include, but are not limited to, 2

CFR 220 (OMB Circular A-21), 2 CFR 215 (OMB Circular A-110), OMB Circular A-133, OMB Memorandum M-01-06, and the federal cost accounting standards.

Definitions

Matching Funds/Cost Sharing/In-Kind Contributions (M/CS):

For the purpose of this policy, M/CS is the portion of allowable project costs not paid by a sponsoring agency. These project costs are paid by UAS or through contributions by third parties. 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 during the expenditure of federal funds.

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

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

Responsibilities

It is the responsibility of OSP, OGCA, and all unit faculty and deans/directors who commit to furnish M/CS to follow all applicable laws, regulations, policies, procedures, and guidelines that govern these funds.

Responsible University Officers

Office of Budget and Grants (Proposal Submission): Is responsible for reviewing M/CS commitments on all sponsored programs to ensure they are compliant with the law and this policy and to advise the Director of Budget and Grants about such commitments.

The Director of Budget and Grants is responsible to perform final reviews of M/CS commitments on all sponsored programs to ensure they are compliant with the law and is responsible for final certification to the sponsor of approved and allowable charges attributable and verifiable as M/CS.

The Unit Dean/Director shares the responsibility for final M/CS review and approval authority and has the authority to authorize funds for equipment purchase match.

Office of Budget and Grants is responsible for assigning unique fund identifiers (Fund(s) 14) 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.

Unit/Department: The initial responsibility for M/CS commitments rests with the proposing unit/department. The unit dean or director must authorize and approve M/CS commitments if departmental resources are going to be used. Units 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 Budget and Grants. PIs should discuss proposed M/CS commitments with their unit dean or director 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 Budget and Grants. 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 unit(s) responsible for the project and award.

Criteria for M/CS Commitments: Federal regulations in 2 CFR 215 (OMB Circular A-110.23.), state that "all contributions, including cash and third party in-kind, shall be accepted...when such contributions meet the following criteria:"

- Are verifiable (through effort reports or other appropriate documentation);
- Are not included as contributions for any other federally assisted program;
- Are not charged to the federal government directly or indirectly under any other grant or contract;
- Are necessary and reasonable for proper and efficient accomplishment of project objectives;
- Are allowable under applicable cost principles defined in OMB Circular A-21 (reasonable, allowable, allocable, consistently treated);
- Are provided for in the approved budget and conform to other provisions of OMB Circular A-110 (or in the terms of the sponsored agreement);
- Are not charges also claimed as part of the institution's F&A costs (double dipping);
- Are not costs financed by program income generated by activities of the project, unless the funding agency expressly permits such use of such income; and
- Are incurred during the same funding/budget period as the sponsored project.

Types of M/CS

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 UAS and quantified in the proposal budget. If accepted by the sponsor, voluntary commitments are reflected in the final budget agreement between UAS and the sponsoring agency. As a condition of the award, these commitments must be tracked in UAS's financial system and are subject to audit. UAS 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 UAS 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 to be recognized as Voluntary Uncommitted M/CS.

Allowable Forms of M/CS

Faculty Time: A faculty member's 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 (UAS 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.

Other Direct Costs (UAS 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 (UAS): Some sponsors limit the amount of indirect cost recovery UAS can receive on a project. The difference between the UAS'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.

Examples of Unallowable M/CS Commitments:

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.

Other unallowable M/CS includes costs that are part of UAS's F&A rate calculations, such as: UAS-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.

Volunteer Effort: Time donated by an individual cannot be tracked and certified, so UAS does not allow the use of time donated by volunteers or employees to meet a M/CS commitment. Additionally, UAS employees may not donate services for which they would normally be entitled to compensation from UAS or any other entity.

M/CS Commitment Approval Process

If the project sponsor requires M/CS, documentation must accompany the proposal when it is submitted to Budget and Grants for Review. The Director of Budget and Grants will evaluate M/CS documentation prior to proposal submission. M/CS documentation must be addressed on the UAS Proposal Submission Cover Sheet. The sponsor's instructions detailing the terms of the M/CS requirement (commonly found in project guidelines, requests for proposals, and program solicitations or announcements, or in an e-mail from the program manager verifying the M/CS requirement) must also be included.

If there are third party M/CS contributions, commitment letters from the third parties describing the resources and fair market value of their contributions. The letters must be signed by representatives of the organization with the authority to obligate the resources described.

Exclusions from This Policy

Indefinite Match/Cost Share: Indefinite M/CS occurs when a sponsor does not explicitly state that M/CS is a requirement, but the application guidelines indicate that increased M/CS will enhance a proposal's competitiveness in the funding agency's review process. In such cases, the proposing

unit must contact the Office of Budget and Grants who will determine the appropriateness of a M/CS commitment before the proposal is submitted to the sponsor. Additional information to justify the suggested M/CS commitment may be required.

Questions the proposing unit must address include:

How did the sponsor indicate or demonstrate that M/CS would be valuable to the proposal?

What is the total cost to UAS compared to the gain?

This information must be submitted in writing to Budget and Grants.

Leveraging/Leveraged 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 enumeration of these resources (listing a dollar value), and some sponsors do not require enumeration. When possible, leveraged resources should not be enumerated. While leveraging is not technically M/CS, enumeration requires that UAS track these funds.

Sponsor-required enumeration of leveraging will be treated the same as regular M/CS in the pre-award and post-award stages. At the post-award stage, an M/CS fund will be established and expenditures will be tracked in accordance with federal regulations.

Non-enumerated leveraging (where resources or co-funding are listed without a dollar value) does not constitute a M/CS commitment and does not require either prior approval or setup and tracking of a Fund 14 account.