

Lamar University

# Cost Share / Matching

Policy and Procedures



# COST SHARING OR COST MATCHING INTERIM POLICY

Generally, the University prefers to avoid cost sharing. From a competitive standpoint, it is usually not beneficial to provide cost share unless required by the sponsor or to provide cost share in excess of that required. Any cost sharing commitment must be included on the Proposal Summary Form and in the proposed budget. The responsible University officials must identify the source of institutional funds and approve the cost sharing commitment on the Proposal Summary Form. Any committed cost sharing must be documented within the University's financial system. It is the policy of Lamar University that cost sharing or matching will be provided only when it is required or encouraged in the funding opportunity announcement.

Cost sharing is defined as institutional support of a share of the total cost of a project. An example of 50% cost sharing on a project with a total cost of \$100,000 is the institution must pay \$50,000 and the sponsor will pay \$50,000 to cover the total costs of \$100,000. Matching is defined as sponsor required matching of funds in support of a project. An example of a 50% match of a \$100,000 proposed request to a sponsor would require the institution to match \$50,000 to amount to total costs of \$150,000.

## ***Criteria for Cost Share or Match***

To be acceptable for use as cost sharing or matching, expenditure must satisfy the following criteria:

- Be verifiable from official University records;
- Not be used as cost sharing for any other sponsored program;
- Be necessary and reasonable for proper and efficient accomplishment of project objectives;
- Be allowable under the applicable cost principles, OMB Circular A-21;
- Be itemized in the approved budget; and
- Be incurred during the effective dates of the grant or contract.

## ***Acceptable Expenditures***

In general, costs normally treated as direct costs on sponsored projects may be used to meet a cost sharing or matching obligation. Costs normally treated as indirect on sponsored projects may not.

### **A. Examples of expenditures that may be used as cost sharing or matching:**

1. Faculty, staff, or student salaries and applicable fringe benefits
2. Laboratory supplies
3. Travel

### **B. Examples of expenditures that may not be used as cost sharing or matching:**



1. Expenditures normally treated as indirect costs, such as administrative salaries and office supplies
2. Unallowable costs, such as alcoholic beverages, entertainment, and memberships in community organizations

### ***Sources of Cost Share or Match***

Cost sharing or matching may be met from the following sources:

1. University funds may be used as cost share or match when they are provided for the benefit of the specific project.

Waived indirect costs that are otherwise available to be recovered may be used as cost share or match if the University has agreed to accept less than the full amount. The difference between the indirect costs accepted and the amount that would have been provided at the full rate may be used as cost sharing or matching if approved by the sponsor.

2. Unfunded indirect costs may be used as cost share or match when the sponsor does not reimburse indirect costs at the full rate due to sponsor policy, government legislation, or terms of the agreement. If the difference is to be used as cost share or match, it must be approved by the sponsor.

3. In exceptional circumstances, another sponsored project account may be used as cost share or match if approved in advance by both sponsors. Note that federal funds may not be used as cost sharing or matching on other federally-sponsored projects.

4. Third-party contributions (support from a non-University source) may be used as cost share or match if committed in writing by the third party.

OMB Circular A-21 also provides specific rules for valuation and documentation of volunteer services, donated supplies, property buildings, and equipment. In general, however, it is the University's preference to avoid referring to these items as cost share or match and characterize them instead as "available for the use of the project at no direct cost."

### ***Cost Sharing or Matching Obligation***

There are several points in the proposal and award process at which the University may incur a cost sharing or matching obligation. Cost sharing or matching may be committed in the proposal to the sponsor for one of one reason: the sponsor (or a particular program of the sponsor) requires cost sharing or matching as a condition of applying for an award. In both of these situations, cost sharing or matching is quantified in the proposal budget and becomes a condition of the sponsor's award. These instances are normally referred to as mandatory or voluntary committed cost sharing.

All types of cost sharing or matching obligations described above must be documented and identifiable in the University accounting system.



### **Cost Share or Match Commitments at Proposal Stage**

1. The project director shall secure required cost share or match commitments early in the proposal development stage and document appropriately in the proposal budget and narrative.
2. The project director shall secure written approval on the Proposal Summary Form from the individuals responsible for the organization code from which cost share or match is committed.
3. The department chair and dean (or equivalent supervisors in administrative units) shall review the proposal and Proposal Summary Form to identify and approve any committed cost share or match.
4. Sponsored Programs shall review the proposal to identify any committed cost share from the University. If cost share or match is committed, Sponsored Programs shall ensure that appropriate cost share documentation has been included on the Proposal Summary Form, including the organization code for the cost share or match funds and written approval from the individual responsible for the organization code.

### **Cost Share or Match Commitments at Award Stage**

1. If the award amount is less than the proposed budget, ORSP shall work with the project director to determine whether the university has incurred a cost sharing or matching obligation beyond what was committed in the proposal. If additional cost share or match obligations are incurred at the award stage, written approval shall be obtained from the individuals responsible for the funds to be used as cost share or match.
2. ORSP shall review award conditions and ensure that required cost share or match is committed and identified prior to acceptance of the award.
3. ORSP shall provide documentation of the award and a budget that identifies sponsor funding and cost share or match commitments to Grants Accounting.

### **Cost Share or Match Documentation and Reporting**

1. Grants Accounting shall establish a companion cost sharing or matching account for all awarded projects with committed cost share or match.
2. The Project Director shall provide accurate source documentation for all cost sharing or matching expenses on awarded projects to Grants Accounting.
3. Grants accounting shall monitor expenditures from the cost sharing or matching account as well as from the grant/contract account and report cost share or match expenditures according to the sponsor's award terms and billing instructions.