

Cost Share Policy

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1.0 Policy Summary Statement

Portland State University (PSU) encourages, supports, and values Principal Investigators (PIs) efforts to obtain external funding for their research endeavors. PSU is committed to providing required resources to conduct sponsored projects such as labor, laboratory and office space, and technical equipment.

If required by the sponsor and authorized through PSU's internal process for proposal approval, PSU will commit certain resources on behalf of the sponsored project as cost share at no cost to the sponsor. All committed cost sharing and any in-kind contributions to sponsored projects must conform to PSU, Oregon University System (OUS), sponsor and federal policies and sponsor requirements regarding allowability, allocability, and reasonableness. Cost sharing must be verifiable through documentation maintained by the Principal Investigator (PI) as part of their award file(s). Committed cost sharing is binding and subject to audit.

2.0 Personnel Who Should be Aware of this Policy

Any individual involved in overseeing or administering any portion of an externally sponsored project should have knowledge of this policy. This includes but is not limited to Principal Investigators, Departmental/Divisional Grant Administrators, Center Directors, Department Chairs, Division Heads, Central Administration, the Office of Research and Sponsored Projects, Research Accounting, Business Affairs, Contracting, Purchasing and Human Resources.

3.0 Policy

Cost sharing (sometimes referred to as “matching”) includes costs of a sponsored award that are not reimbursed by the sponsor. Depending on the circumstances, cost sharing may be considered committed or uncommitted. PSU agrees to cost sharing of expenses when costs for which funds are not requested from the sponsor are quantified as part of the final award and corresponding project proposal narrative or proposal budget. This policy addresses PSU’s requirements for treatment of committed cost sharing, which is further defined as either mandatory cost sharing or voluntary committed cost sharing.

Mandatory Cost Sharing: Funding required by the terms and conditions of the award or by federal statute that requires PSU to contribute resources to the project as a condition of receiving the award.

Voluntary Committed Cost Sharing: Costs associated with a sponsored project which are quantified in writing in the proposal and budget, but are not required or funded by the sponsor. Some common examples include:

- A percentage of faculty or senior researchers effort included in a proposal budget and stated and quantified in the text of the proposal for which compensation was not requested from the sponsor;
- Equipment purchased specifically for the project that is identified and quantified in the proposal, for which funds have not been requested from the sponsor.

All committed cost sharing should be limited only to those situations where it is:

- mandated by a sponsor,
- stated as a scoring criterion for award of the project by the sponsor, or
- determined prior to proposal submission that such an institutional contribution is necessary to ensure the success of a project.

Committed cost sharing on a sponsored award is a binding obligation subject to audit that must be satisfied and accounted for in accordance with the institution’s and sponsor’s requirements. All cost-shared expenses must be treated in a consistent and uniform manner during proposal preparation, award execution, and reporting to the sponsor,

3.1 Costs Acceptable for Cost Sharing

As with any cost charged to a sponsored award, cost share expenses must be allowable, reasonable, allocable, and consistently treated. For a given cost to be charged and reported as cost sharing, disbursements must meet the following criteria:

- Allowable under cost principles in OMB Circulars A-21 and A-110 as well as the terms of the award document.. Allocable as a cost of the project, that is, they are incurred solely to benefit the sponsored project,
- Verifiable from PSU’s official accounting records or third party documentation approved by Research Accounting,
- Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching,
- Necessary and reasonable for accomplishment of project or program objectives,
- Provided for in the approved budget .

3.2 Sources of Cost Share

Cost sharing may be met from the following sources: University-funded direct costs; Facilities and Administrative Costs (indirect) on direct expenses identified as cost sharing; unfunded or waived F&A; third-party contributions; and in rare cases, other sponsored projects. These sources are further defined as follows:

University-Funded Direct Costs: Direct costs provided by PSU for the benefit of the specific sponsored project. Examples include:

- Unreimbursed salaries and benefits of the PI or other key personnel. Cost shared effort must be directly related to the project's objectives and must not include time spent on administrative or instructional activities.
- Items purchased specifically for the project by the University.
- Graduate Assistant Tuition Remissions.

Facilities & Administration (F&A) Costs on Direct Cost Share Expenses: F&A costs calculated on the direct cost share expenses of a project at the same rate as applied to the sponsor-funded direct costs of the project.

Unfunded F&A: The difference between the amount of F&A recovery calculated at the F&A rates in PSU's Colleges and Universities Rate Agreement and the amount of F&A actually charged to a project. Unfunded F&A results from the sponsor, as part of their written policy, limiting the amount of F&A that PSU can charged to a sponsored award.

Waived F&A: F&A costs that are available to be recovered, however PSU has agreed to accept less than the full F&A recovery from the Sponsor. F&A waivers must be requested in writing in advance of proposal submission using the University procedure and can only be authorized by the Vice President for Research and Strategic Partnerships or his/her designee. The difference between the F&A costs agreed to by PSU and the amount that would have been provided at the full recovery rate may be used as cost sharing, if approved by the sponsor.

Third Party, In-Kind Contributions: "Third party" refers to an organization other than PSU or the sponsor. Examples of third party contributions include donations of equipment from manufacturers and funding commitments from sub-recipient institutions (typically other universities with whom PSU faculty are collaborating). Third party contributions may also include supplies, materials, equipment, volunteer services and other contributions, as long as the items meet the sponsor's criteria for cost sharing and are adequately documented. Expenditure of gift funds in the PSU foundation can be used for match. The value recorded as cost sharing includes the direct cost of the item(s) plus indirect costs that would be applicable if the item(s) were expensed directly to a grant or cooperative agreement. Please note that:

- All gifts of tangible items valued at \$5,000 or more require an independent appraisal from a qualified appraiser or some other comparable form of independent determination of fair market value. Contact Business Affairs for further information and instructions.
- When a third party in-kind contribution is in the form of effort, the third party must certify in writing that their regular rate of compensation was used in the calculation of costs to be shared. The "regular" rate of compensation is the rate an individual earns when performing comparable work.

Other Sponsored Awards as Cost Sharing: Proposed cost sharing cannot originate from other sponsored awards unless specifically authorized by both sponsors.. Proposed cost sharing must be designated for the proposed project only and cannot be included if it has already been earmarked for a different project in another proposal.

3.3 Proposing Cost Share

Budgets submitted to sponsors must be reasonable in terms of the scope of the research proposed and the commitment of corresponding resources, and must represent the level of funding required to conduct the research described. The budget can include cost sharing in addition to the funds requested from the sponsor agency. The cost sharing included in the proposal budget or the proposal narrative (mandatory or voluntary) is considered committed cost sharing. PSU requires all cost sharing commitments to be identified in the proposal budget. It is the responsibility of the PI to secure cost sharing commitments during the proposal development process and prior to submission of the proposal. Documentation of the sources and amounts must be clearly indicated at the time the proposal is submitted and be approved by the appropriate authorized individual(s) as part of PSU's internal proposal approval process.

3.4 Accounting For and Documenting Cost Share

Throughout the life of a sponsored award, the PI must maintain sufficient documentation to substantiate actual cost sharing contributions and must make that documentation available to the sponsor. The specific type of documentation required is based on the nature of the award, taking into consideration the type of cost sharing, the terms of the sponsored agreement, and other circumstances related to the award. Financial reports supporting the University's cost sharing are generated through PSU's SCT Banner Finance System. When a project is awarded with a commitment of University-funded direct costs, PSU establishes a separate cost sharing index for each source of funds to track direct cost contributions made to the project. Some costs committed as cost sharing, such as graduate assistant tuition remission, may be documented via memo. The PI and department support personnel must correctly assign costs to the appropriate cost share indexes, keep and maintain copies of documents that support cost share expenditures (labor and non-labor), and obtain appropriate documentation of third party contributions. All cost sharing documentation is subject to audit in accordance with the sponsor's policy for funding, which is provided to award recipients.

3.5 Reporting Cost Share

Research Accounting (RA) reports cost sharing to each sponsor in accordance with the terms and conditions of the award benefiting from the cost share and/or the sponsor policy. In addition to SCT Banner Finance reports and corresponding supporting invoice documentation, cost sharing documentation to sponsors may include , agency specific reports, or cost sharing certification reports utilizing the documentation described in section 3.4 above.

3.6 Responsibilities of the Principal Investigator, Department and Dean's Office Personnel

The PI has overall responsibility for:

- proper identification and recording of cost sharing commitments,
- securing appropriate institutional approvals for proposed cost sharing commitments,
- including them in the project budget, and
- making sure the cost sharing commitments are fulfilled during the term of the project.

Prior to PSU making cost sharing commitments, the PI, in consultation with appropriate deans, department administration, and other relevant PSU administrators must consider the administrative requirements and responsibilities inherent in a proposed cost sharing commitment and weigh the cost effectiveness and the expected benefits of the cost sharing prior to approval.

3.7 Responsibilities of Central Research Administration

The Office of Research and Sponsored Projects (ORSP) is responsible for reviewing cost sharing commitments during the internal proposal review process, verifying that these commitments have been considered by the applicable deans, department administrators, and other relevant administrators, and providing final institutional approval of the cost sharing commitments prior to proposal submission to the sponsor.

Research Accounting is responsible for establishing cost share indexes, reporting cost sharing based upon expenditures reflected in the institution's official accounting records, and obtaining any additional supporting documentation required from the PI and Department Support Personnel.

4.0 Reason for Policy

Sponsors and auditors must be able to verify that funds committed to sponsored projects as cost sharing have been provided. This policy and PSU's related procedures have been developed to ensure that mandatory and voluntary committed cost sharing on sponsored awards is proposed, identified, accounted for, and reported in a manner consistent with the requirements set forth in federal regulations, the requirements of granting agencies, and the policies of PSU and OUS.

4.1 Regulations Impacting Cost Share

OMB Circular A-110, C.23.a: "All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:

- The costs are allowable in accordance with OMB Circular A-21;
- Are verifiable from the recipients records;
- Are not included as contributions for any other federally-assisted project or program;
- Are necessary and reasonable for proper and efficient accomplishment of project objectives;
- Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching; and
- Are provided in the approved budget when required by the federal awarding agency."

OMB Circular A-21, C.2: “Factors affecting allowability of costs. The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.”

5.0 Related Policies

- Gift Policy
- Sponsored Awards Charging Policy
- Effort Reporting