



Cost Share and Matching Funds Policy

Policy #:	RE005.1
Policy Type:	University
Responsible Executive:	VP for Academic Affairs
Responsible Office:	OSPR
Originally Issued:	July 1, 2013
Latest Revision:	January 1, 2020
Effective Date:	January 1, 2020

I. Policy Statement

The University of Louisiana Monroe's (ULM) Cost Share and Matching Funds Policy defines how proposed cost share and matching commitments are reviewed and approved.

ULM will follow the Federal requirements regarding cost sharing or matching found in OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations" (A-110). Subpart C, Section .23 states in part (a). Link may be accessed here <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A110/2cfr215-0.pdf>.

II. Purpose of Policy

ULM is committed to providing direction for Principal Investigators (PIs) on matters arising when seeking cost share or matching funds. This policy also authorizes the Office of Sponsored Programs and Research (OSPR) and the Vice President for Academic Affairs to enforce this policy.

The OSPR discourages the usage of cost sharing or matching as it a) requires ULM to commit monies and b) creates an additional administrative and oversight burden on ULM.

It is the policy of the University of Louisiana Monroe (ULM) to follow all federal and state requirements for matters pertaining to Cost Share or Matching Funds.

III. Applicability

This policy and the associated procedures apply to all individuals employed at ULM.

IV. Definitions

Definitions:

- **Conditional or committed cost share** refers to matching funds required as a condition of the award. This generally means that the department, school or college has voluntarily committed to provide the cost share or match.
- **Cost Share** occurs when a portion of the costs of a grant award or other sponsored projects are not paid by the funding entity, but paid instead using resources a) internally (within a department, program, school, college or university level; may also include a commitment from the PI's endowed funds) or b) externally (ULM Foundation, other foundation, corporation or citizen). Cost Share is a commitment made by the PI to use resources other than the grant award itself for completion of the project's objectives.

Cost Share Types refers to the kind of measurement used to determine the amount of the cost share of matching funds. These typically include a fixed dollar amount, a match (e.g., one to one where the entity providing the match provides an equal amount to the funding entity), and a percentage of the total funding or, for example, the salary or equipment costs.

In-kind contributions are non-cash contributions provided by non-Federal third parties. In-kind contributions are from third-parties, not from ULM or the University of Louisiana System. This is because any cost share contribution by a grantee should be traceable to an actual expenditure.

Mandatory cost share is required by the funding entity as a part of the award.

Pre-Award is that period prior to the grant being submitted. It is during this phase that the PI must obtain permission to have a cost share or match. The necessary form must be submitted prior to the grant being submitted (See <https://webservices.ulm.edu/forms/get-form/1031>).

Post-Award is that period once the grant or other sponsored program has been awarded funding. The OSPR will manage the cost share or matching funds process for the PI during this phase.

V. Policy Procedure

A. Overview

Cost Sharing is that portion of a total sponsored project's costs that are paid from sources other than the funds provided by the sponsor. Cost Sharing can either be required by a sponsor as a condition of the award (Mandatory Committed) or it can be voluntarily pledged (Voluntary Committed) if offered by ULM when it is not a sponsor requirement.

All of these terms refer to costs not charged to the awarding entity. These terms can also refer to contributions, including in-kind (e.g., labor, equipment), from any third-party sources.

B. Significance of Cost Share or Match

All cost sharing, regardless of the initial conditions of its commitment, must be allocable to a specific project and be verifiable. Since cost sharing has a significant financial impact on the department, school, program or college providing the funds and on ULM as a whole, commitments should be held to a minimum. The OSPR policy is normally the entity working with the PI to identify cost sharing only when it is required by agency or program guidelines.

1. In-kind contributions can be very difficult to document and justify, especially if the valuation method is not accurate. Regarding voluntary services by an individual, a common type of in-kind contribution may be found in the *Code of Federal Regulations*, (2 CFR § 200.96 - Third-party in-kind contributions).
 - (a) Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization.
 - (b) In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those in which the recipient competes for the kind of services involved.
 - (c) In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(d) All commitments and certifications, including valuation method, of cost-sharing by third parties must be signed by the individual who is making the time commitment or by ULM's chief financial officer.

C. Allowable Federal Requirements

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.

1. Verifiable from recipient records.
2. Not included as contribution for any other federally assisted program.
3. Necessary and reasonable for any other federally assisted program.
4. Allowable charges under applicable cost principles.
5. Not paid by another federal award (except as authorized by statute).
6. Provided for in the approved budget when required by the federal awarding agency.
7. Conform to others provisions in OMB A-110 as applicable.
 - (a) Unrecovered indirect costs may be included as part of cost sharing, or
 - (b) Matching only with the prior approval of the federal awarding agency.

D. Expenditures Not Allowed as Cost Sharing

Unallowable costs as defined in OMB A-21, section J (See <https://www.federalregister.gov/documents/2000/08/08/00-19653/omb-circular-a-21-cost-principles-for-educational-institutions>) include the following:

1. Costs designated as unallowable for a particular sponsored project. For example, teaching assistant salaries would not be an allowable expense on a research award.
2. University facilities such as laboratory space. Use of facilities should not be described as cost sharing; however, it is acceptable to characterize the utilization of facilities as "available for the performance of the sponsored agreement at no direct cost to the project."
3. University utilities.
4. Depreciation on government-funded equipment.
5. Equipment purchased before the award period of the project to be cost shared.
6. Descriptions of activities, such as "laboratory analysis" or "sample preparation," are not specific enough to identify what costs are actually being committed. These descriptions should always refer to activities that are to be performed during the award period of project being cost shared, and always with the associated expenses described in sufficient detail, using standard cost categories, so that they can be adequately identified and tracked in ULM's financial information system.

E. Process

1. All cost sharing or matching funds must be approved by the Vice President for Academic Affairs before the submittal of the grant application.
 - (a) Regardless of the cost share or match being an internal or external source, there are some risks of non-performance by that third-party involved. OSPR working with the PI will attempt to eliminate or reduce those risks where possible.
 - (b) OSPR considers all third-party in-kind cost sharing (e.g., corporate, foundations or other federal or state programs), volunteer commitments, and previously purchased equipment as high-risk for non-performance.

(c) OSPR considers any costs not allowed under federal or state regulations or as part of the grant award terms, proceeds from potential intellectual property (IP) or estimated costs that ULM cannot verify as unacceptable and will not approve.

(d) The usage of salary by the PI to be used as a cost share must be approved by the PI's department or program head and Dean prior to the OSPR Pre-Awards reviewing it. All ULM forms for such are the responsibility of the PI.

2. OSPR will ensure that all cost share and matching funds documentation is provided to the VPAA and the ULM Controller Office.

(a) The ULM Controller Office will arrange payment as per terms of the grant or funding award. This may be through an invoice or other standard notification process.

(b) The OSPR Post-Awards will serve a monitor for all cost share and matching funds.

(c) The PI is responsible for providing all cost share documentation and reporting to the Controller's Office, Grants and Contract's Division. The Controller's Office, Grants and Contract's Division reports employee salary pay for effort as directed by the Sponsored Program.

(d) The PI must notify in writing when there is a potential for the cost share or matching funding agent to be in non-compliance. OSPR will then attempt to resolve any issues to facilitate compliance.

(e) The VPAA will be notified by OSPR of any potential concerns.

3. If the cost share or match is sourced internally, the VPAA will ensure such funds are provided to the project.

(a) ULM is a state agency and as such does not control much of its budget. In those instances where ULM cannot meet its cost share obligations, regardless of the reason, it will seek alternatives for meeting its obligations.

(b) The VPAA will direct the OSPR to seek alternatives with the funding entity.

(c) If there is no resolution, the VPAA will direct the OSPR to return any and all awarded funds if ULM is unable to comply.

VI. Enforcement

The Vice President for Academic Affairs is responsible for enforcing all policy provisions.

VII. Policy Management

OSPR will coordinate management of this policy with the PI and through the Controller's Office.

Any questions regarding applicability of this policy should be directed to the Vice President for Academic Affairs or to the OSPR prior to grant submittal.

VIII. Exclusions

Any changes to this policy must be approved in advance by both the Vice President for Academic Affairs and the OSPR.

Neither the Vice President for Academic Affairs nor the OSPR are allowed to exclude, abridge or alter any federal or state requirements.

IX. Effective Date

January 1, 2020

X. Adoption

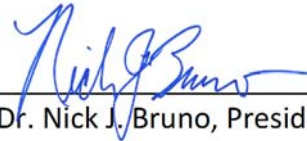
This policy is hereby adopted on this 1st day of January 2020.

Recommended for Approval by:

Approved by:



Dr. Alberto Ruiz, VP for Academic Affairs



Dr. Nick J. Bruno, President

XI. Appendices, References and Related Materials

Bloedon, R. V., & Stokes, D. R. (1994). Making university/industry collaborative research succeed. *Research-Technology Management*, 37(2), 44-48.

Feller, I. (2000). Social contracts and the impact of matching fund requirements on American research universities. *Educational Evaluation and Policy Analysis*, 22(1), 91-98.

Johnstone, D. B. (2004). The economics and politics of cost sharing in higher education: comparative perspectives. *Economics of education review*, 23(4), 403-410.

Perkmann, M., King, Z., & Pavelin, S. (2011). Engaging excellence? Effects of faculty quality on university engagement with industry. *Research Policy*, 40(4), 539-552.

XII. Revision History

Original Adoption Date: July 1, 2013

Revised: January 1, 2020