

Sponsored Activity Cost-Sharing Policy and Procedure Guide

Reason for Policy and Procedure Guide

Cost sharing requires advanced notice and approvals from various stakeholders. This guide provides the research community with clarifying information about permitted cost share, how to request approval, and responsibilities for overseeing costs throughout the life of the award.

Definitions

Cost Sharing

- 1) Cost sharing is defined as the portion of total project costs of a specific project not paid by the sponsor. The University or a third party may pay cost-sharing contributions.
- 2) Cost sharing may also be called “cost matching” or “matching funds.”
- 3) Cost sharing may include contributed effort, cash or other university matching funds, or third-party in-kind contributions.
- 4) Under the federal definition of cost sharing, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must meet all the following criteria:
 - a) are verifiable from the non-Federal entity's records,
 - b) are not included as contributions for any other Federal award (i.e., the same cost-sharing contribution cannot fulfill more than one cost-sharing obligation),
 - c) are necessary and reasonable for the accomplishment of project or program objectives,
 - d) are allowable under applicable cost principles,
 - e) are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost-sharing requirements of other Federal programs,
 - f) are provided for in the approved budget when required by the Federal awarding agency and conform to any special requirements as specified by the sponsor.
- 5) Cost-share expenditures must meet the same terms and conditions as those associated with the sponsored award and University policies. This means that cost-sharing funds may only be used to support allowable costs for the project.
- 6) Cost sharing must be expended and incurred during the project's period of performance.

Mandatory Cost Sharing

Mandatory cost share is a written requirement of the sponsor detailed in program announcements and required by the awarding agency as a condition of the award. The most common form of mandatory cost sharing is non-federal sponsor's limits F&A or indirect costs supported on the award. Mandatory cost share is a form of “committed” cost share (requires tracking and reporting; is auditable).

Voluntary Cost Sharing

Voluntary cost share is cost-sharing that is not required by the awarding agency and is instead an offer by the university to voluntarily cost-share the project. Some federal agencies, such as the National

Science Foundation, now prohibit the inclusion of voluntary cost share in proposals, except for a few specific programs (such as instrumentation projects). Voluntary committed cost share, as defined in [2 CFR 200.306\(a\)](#), specifies that cost sharing is not expected on federal projects, [and 2 CFR 200 Appendix I](#) states if an applicant's proposed cost-sharing is considered in the proposal review process (as opposed to being an eligibility criterion), the announcement must specifically address how the cost-share will be considered. There are two types of Voluntary Cost Share:

- Voluntary committed cost share is quantified in the proposal narrative or budget, requires tracking and reporting, and is auditable) Chapman prohibits voluntary committed cost share unless the PI can justify why it is necessary and if approved by the school/college dean.
 - Example: Dr. Brown's startup funds will contribute \$10,000 to purchase supplies for this project.
 - Example: Dr. Gray will commit 30% effort to the project, but only 25% salary support is requested from the sponsor.
- Voluntary uncommitted cost share is not explicitly quantified in the proposal (narrative or budget) and, therefore, does not require tracking or reporting (and is not auditable). Chapman recommends these alternative statements, which convey Chapman's support without creating a commitment.
 - Example: If needed, Dr. Brown's startup funds will be available to support any unexpected project costs.
 - Example: Dr. Gray will contribute additional time as necessary to complete the aims of the project.

Third-Party Cost Sharing

Third-party cost share (cash or in-kind) is the portion of the project or program funded by a non-federal outside entity and not the sponsor or the University. There is inherent risk in cost share from third parties, and therefore it requires approval and liability acceptance from the dean of the academic unit and final approval from the Vice President of Research and Graduate Education (submit a request for VPRGE approval according to the process outlined above). Note that the university is obligated to provide cost-sharing if the third party does not meet the obligations, and in such cases, the college/school or PI must cover those costs.

COST SHARING POLICY

Chapman University's policy is to assume a cost-sharing commitment only when required by the sponsor (mandatory cost share) or when necessitated by the competitive nature of the award and then to cost-share only to the extent necessary to meet the specific requirements. Cost-share may not be proposed where explicitly prohibited by the sponsor.

An agreement to cost share, whether voluntary or mandatory, represents a commitment by Chapman University to provide the stated services or assets during the performance of the project. Voluntary committed cost share is strongly discouraged and should only be included in a proposal (e.g., in a

proposed budget, narrative, or budget justification) when it is necessary to complete a project or program successfully and if approved by the dean of the unit submitting the proposal to the sponsor.

All cost share, whether mandatory or voluntary, must be approved by the relevant dean and any other office providing the cost share at least 15 business days before the proposal due date.

Accounting and reporting for cost-share on federal awards must comply with [2 CFR 200.306](#) and agency requirements using the procedures outlined here.

Cost-share requirements on non-federal awards depend on each sponsor's proposal guidelines.

Cost sharing in the form of F&A or indirect costs where the sponsor limits full F&A recovery can be approved by the Dean and is not covered in this policy.

CATEGORIES OF COST SHARE

Cost-share typically takes the form of academic year salary, graduate student tuition/compensation, and equipment. Policies and practices vary by school, so consult with the dean or operations managers about cost-share options in your unit.

PI RESPONSIBILITIES

The PI is responsible for identifying and providing resources for cost-sharing of direct costs. The PI may not utilize funds from a federal award as the source of cost-sharing except as authorized by Chapman and the federal sponsor.

The PI is responsible for ensuring the following:

- The source of cost-share funds is identified before the proposal is submitted to the sponsor.
- The same cost-share contribution cannot fulfill more than one cost-sharing obligation.
- Third-party contributions, including in-kind contributions, are appropriately documented.
- Expenditure of cost-shared funds must be allowable, allocable, and reasonable costs necessary for accomplishing project or program objectives during the effective dates of the award. In addition, expenditures must be timely and accurately charged to the appropriate cost-sharing fund.
- Federal cost-share requirements may not be met with other federal funds.

COST SHARE APPROVALS

The University requires that all cost-share commitments included in proposal budgets for a sponsored activity be approved by the chair (as applicable), the dean of the academic unit, and, if applicable, the Vice President of Research and Graduate Education, depending on the source of funds. Funds for cost-shared expenditures are typically identified from university sources such as gifts, endowment income,

operating budgets, start-up accounts, IDC funds, or other PI-designated or department-designated funds.

University institute and center proposals require the approval of the institute or center director and, if applicable, the Vice President of Research and Graduate Education and/or the Provost. These approvals are required even when the funding source is a PI discretionary account or a third-party cost share commitment.

All cost share budget details must be noted in the Cayuse SP record for approvals routing and clearly outlined in the accompanying detailed budget so it is readily apparent to Approvers that cost share is included in the proposed sponsored activity.

VPRGE/PROVOST APPROVAL PROCESS

Request for Cash Contributions from the Provost and the VPRGE

- PIs/Departments/Deans are generally expected to cover cost share needs of up to \$10,000.
- Where the total cost share amount exceeds \$10,000 and where the cost share funds needed for the project are not available in the School/College, the Dean may request that the VPRGE and/or the Provost cover a portion of the cost share using the request form [\[link\]](#). Cost share support from the VPRGE and/or the Provost typically will not exceed 50% of the total cost sharing. All PI, Departments, and College/School-level funding should be listed.
- For large projects with a significant cost share requirement, contact the VPRGE as soon as practicable to discuss the project and potential sources of cost share support.

Process:

- All requests for cost share to the VPRGE and Provost should be made as early as possible, no later than 15 business days before the proposal deadline.
- If inadequate time is given and depending on the nature and extent of cost share, there is no guarantee that the proposal will be submitted to the sponsor.
- Department Chairs and/or Deans should provide justifications for the requests in the request form [\[link\]](#). Requests with inadequate justifications will be returned for clarification.

COST SHARE TRACKING AND AUDIT

The unit that has committed the cost-sharing funds (e.g., Department/School/College) is responsible for tracking these expenditures.

Any committed cost-sharing is subject to audit. The Office of Research & Graduate Education is responsible for financial reporting to sponsors. Documentation of the cost-share must be available in the department/school/college and provided to the Office of Research & Graduate Education immediately upon request.

OFFICE RESPONSIBLE FOR POLICY

Name of Office(s): Office of Research and Graduate Education, Provost

Contact information for questions about this policy:

<https://www.chapman.edu/research/policies-and-guidance/>

WHO APPROVED THIS POLICY

Senior Staff members submitting the policy: Martina Nieswandt, Vice President for Research and Graduate Education

Original date approved: 5/17/2024

President

PUBLICATION DATES

Effective: May 17, 2024