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## COST SHARING AND MATCHING ON SPONSORED PROJECTS

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**Scope** All campuses served by Louisiana State University (LSU) Office of Accounting Services, except those campuses which have in place a written policy with regard to cost sharing and matching on sponsored projects.

**Effective** July 1, 2016. This FASOP supersedes and replaces all prior versions.

**Purpose** Cost sharing is a contractual obligation committing the University to share in the costs of a sponsored project. In addition, it is essential data used to support the Facilities and Administrative (F&A) rate proposal. -1.1 (ingh)-2.3 (se F&A (U)-2.9 (n(r)-6.4 (t6.1 ( -25.2 (3.1 ( (t)y).3 )] TJ -0.005 Tc 0.004 Tw 0 -1.157 condition of external sponsors.

- D. To establish procedures for recording cost sharing expenditures in the LSU accounting system in order to track, report and certify cost sharing subject to audit under Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200), sponsor guidelines, or terms of the sponsored agreement.
- E. To reinforce the understanding of the financial commitment represented by cost sharing and discourage its usage if not stipulated as a funding requirement by sponsors.
- F. To comply with the requirement of OMB Uniform Guidance that all cost sharing and matching on sponsored projects must be properly documented in the University's accounting records.

### Definitions

1. Cost Sharing or Matching: That portion of sponsored project costs not borne by the project's sponsor.
2. Sponsor Mandated Cost Sharing: Cost sharing that is required as a condition of funding by the sponsor.
  - Examples of Sponsor Mandated Cost Sharing
    - a. NSF Unsolicited Proposals –

- b. Other proposals with mandated cost sharing or matching as a funding stipulation – An itemized cost sharing or matching budget must accompany the proposal. PIs must provide the Office of Sponsored Programs with written evidence of cost sharing or matching requirements when submitting proposals for institutional approvals.
3. Voluntary Uncommitted and Committed Cost Sharing: Voluntary uncommitted cost sharing is cost share committed outside of what has been identified in the narrative, budget or budget justification. Voluntary uncommitted cost sharing need not be documented. Cost sharing discussed in the narrative, budget or budget justification of any proposal is considered voluntary committed cost sharing and must be documented for audit purposes.
4. Facilities and Administrative (F&A) Costs: Costs of activities that support or provide service to the various direct functions of the University for common or joint objectives. F&A costs cannot be identified readily and specifically with a particular sponsored project, instructional activity or other institutional activity.
5. Unrecovered F&A Costs: The difference between the reduced amount of F&A funded due to sponsor restrictions and LSU's approved negotiated F&A cost rate.

### **Requirements for Documenting Cost Sharing**

In order to comply with OMB Uniform Guidance, cost sharing expenditures must be:

1. Verifiable from recipient's records – there must be a formal record of all cost sharing provided that is supported by LSU's accounting records.
2. Excluded as contributions for any other project or program – the cost sharing being offered cannot be used as cost sharing on another sponsored program.
3. Necessary and reasonable for proper and efficient accomplishment of the project or program objectives.
4. Allowable under the applicable cost principles.
5. Funded by non-Federal sources, except where authorized by Federal statute to be used for cost sharing or matching.

### **Cost Sharing Commitments**

PIs should only commit cost sharing when required by the sponsor or by the competitive nature of the award. Commitments should only be made to the extent necessary to meet the specific requirements of the award. All cost sharing commitments must be included in the project proposal and must be approved by the University department/unit responsible for the funds. Voluntary committed cost sharing must be approved by the Vice Chancellor for Research and Economic Development and will be documented in the same manner as sponsor mandated cost sharing. Cost sharing commitments are a condition of the award and subject to audit.

### **Types of Cost Sharing**

1. Personnel Costs
  - The PI or other employee can pledge a certain dollar amount or a certain percent of effort on the sponsored agreement at no cost to the sponsor. Documenting cost sharing on the award line -grant creates an auditable record that the employee worked on a sponsored project(s) while paid from departmental funds.
  - Cost sharing effort is included in the calculation of total committed effort. Although proposals could be in circulation at any given time which exceed 100% of an employee's effort, care must be taken at the time of each award to ensure that the employee does not over commit (>100%) their effort.

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