



Cost Share Guidelines

Cost Share Definitions

Cost share also referred to as cost at risk is a portion of the total cost of a project awarded to a contractor which is not reimbursed by the federal government. A federal funded award can be a grant or other arrangement for all or part of the cost of a project. There are generally two forms of cost sharing:

Mandatory Cost Share Cost share required as part of an award. The percentage of cost share required is determined by the programmatic guidelines. Additionally, the federal government may require a certain percentage of cost share be met or that the contractor contribute a certain amount as a condition to the award.

Voluntary Cost Share Cost share not required by an award. Rather, cost share is required by the contractor on a voluntary basis if the funder of the award is silent about cost sharing or states that cost sharing is encouraged. Cost share required is considered voluntary.

Cost share contributions should align with the following mission to further stimulate and advance the development and sustainability of the state's digital design and manufacturing in order to develop solutions that offset risks to the state's industrial base.

Federal Standards Required for Allowable Cost Share

Under federal government awards, costs are reported as cost share. Costs must meet all of the following criteria in accordance with the Uniform Guidance CFR, regardless of whether it is mandatory or voluntary:

- Are identifiable to the recipient records
- Are not included as contributions for another federal award
- Are necessary and reasonable for a project or program objectives
- Are allowable under Subpart Cost Principles of this part
- Are not paid by the federal government under another federal award except where the federal statute authorizes a contractor to receive federal funds made available for such purposes and cost sharing requirements of other federal programs
- Are required for in the approved budget when required by the federal awarding agency and
- Conform to other provisions required in CFR. See if all
- are incurred indirect costs in indirect costs on cost sharing or at least a portion of cost sharing or at least only with the prior approval of the federal awarding agency. Indirect costs means the difference between the amount charged to the federal award and the amount which could have been to the federal award under the non-federal entity's approved negotiated indirect cost rate by values for non-federal entity contributions of services and property must be established in accordance with Contributions and Donations of a federal awarding agency authorizes the non-federal entity to donate buildings or land for



construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching must be the lesser of paragraphs (b)(i) or (ii) of this section.

- i. The value of the remaining life of the property recorded in the non-federal entity's accounting records at the time of donation.
- ii. The current fair market value. However, when there is sufficient justification, the federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the value described in (i) above at the time of donation.

The cost sharing reported must have occurred during the period of performance of MxD's federal government award and contributed time and effort and resources must be expended, not just obligated within the approved period.

Examples of Allowable Cost Share

Cost share consists of allowable and necessary direct costs and/or unrecovered indirect expenses. The costs should be easily identifiable and supported. Common examples include:

- a. Time and effort devoted to federally funded awards by key and other personnel (i.e., PI, Co-PI, etc.) including salary, fringe benefits and other related indirect costs.
- b. Use of equipment at fair market rates.
- c. Use of licensed software at fair market rates.
- d. Travel related to the federally funded awards.
- e. Time and effort and/or travel not related to projects. Such as:
 - Preparing for, participating in or guest speaking at MxD workshops, webinars, or committees
 - Materials, content, or course development for training
 - Participating in road-mapping activities
 - Building out facility, lab, or factory floor space
 - Exclusions apply to members whose memberships benefits include seats on MxD's Executive Committee, Technology Advisory Committee, or Agile Tech Team).
- f. Volunteer services furnished by third-party professional and technical personnel, and other skilled and unskilled labor if an integral and necessary part of the project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-federal entity. In instances in which the required skills are not found in the non-federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation. When contributions are other than time and effort services, the provider must provide documented support for the fair market value of the item.
- g. Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies at fair market rates.

MxD's Finance department will review the support provided and the respective federal awarding agency will approve the cost share.

Reported cost sharing may only be used once; it cannot be reported for multiple federally funded awards. Commitments must have been expended directly in support of MxD's federal government award, scope of work and coinciding with the award's period of performance.



Examples of Unallowable Cost Share

The general rule is that if the cost is not an allowable cost by the federal government, it is not an allowable item for cost share. Common unallowed cost share examples include:

- a. Entertainment expenses such as tickets to sporting events
- b. Alcoholic beverages
- c. Fundraising activities
- d. Proposal-writing activities
- e. Costs not deemed to be necessary and reasonable for the accomplishment of MxD's federal government award objectives

The complete list of unallowable costs is defined in 2 CFR 200, Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), Subpart E-Cost Provisions, General Provisions for Selected Items of Cost.

Reporting Cost Share

There are two stages in the project process when mandatory cost share must be reported:

- Proposal Stage - The proposing entity must submit cost share detail and supporting documentation if the proposal includes cost share referenced within the budget, budget justification, or text of the proposal. Any quantifiable cost sharing described in the proposal then becomes a condition of the award and must be documented and reported to the MxD. See Request for Quote (RFQ) or Request for Proposal (RFP) for additional instructions.
- Award Stage - The project participant must report cost share on MxD's Standard Invoice Template. The template must include all references to cost share reported within the budget, budget justification, or text of the proposal. For additional instructions, see Section VII "Invoice Preparation/Submission" typically located within Exhibit E, "MxD Financial Standard Operating Procedures."

To report voluntary cost share, please reach out to MxD's Finance department at finance@mxdusa.org.