

## COST SHARING

**Cost sharing** is the portion of total project costs of a sponsored agreement that is not borne by the sponsoring agency. Matching is another common term used to describe cost sharing.

There are primarily three types of cost sharing that may occur on sponsored projects: Mandatory cost sharing, Voluntary Committed cost sharing, and Voluntary Uncommitted cost sharing. A Cost Share Form is required for Mandatory and Voluntary Committed cost sharing. A Cost Share Form is not required for Voluntary Uncommitted cost sharing.

**Mandatory Cost Sharing:** This is cost sharing that is required either by statute or by administrative regulation. The requirement for such cost participation is explicitly set forth in program announcements or guidelines issued by the sponsor (e.g., in RFAs, RFPs, and PAs), and is a requirement for eligibility to participate in the project and will be specifically identified within the University's proposal. For example, the National Science Foundation requires mandatory cost sharing for some of its projects. **COST SHARE FORM IS REQUIRED.**

**Voluntary Committed Cost Sharing:** This is cost sharing that is not required by the sponsor, but which is included voluntarily in the University's proposal to the sponsor. Once the proposed cost share has been accepted by the sponsor, the University is then obligated to meet the cost sharing amount. For example, voluntary committed cost sharing would be when a principal investigator (or other project personnel) commits to spending 15% effort on the project but requests that the sponsor fund only 5% of this effort. In this case, the remaining 10% effort (15% minus 5%) was not a requirement for proposal submission, but was included at the discretion of the PI. Therefore, the University is committed to 10% cost sharing for salaries and fringe benefits for the PI (or other project personnel) in this proposal. **COST SHARE FORM IS REQUIRED.**

**Voluntary Uncommitted Cost Sharing:** This is cost sharing that is neither mandatory nor voluntary committed. It represents contributions by the University to a sponsored project that were not required by the awarding sponsor and were not volunteered in the University's proposal to the sponsor. Voluntary uncommitted cost sharing is not reported back to the sponsor. For instance, Voluntary Uncommitted cost sharing occurs when the Principal Investigator's effort is greater than what was committed in the proposal. For example, the proposal stated that the PI's effort would be 10%, but in reality, the PI's actual effort was 15%. **COST SHARE FORM IS NOT REQUIRED.**

### Cost Sharing Criteria

- Cost sharing must be identifiable and verifiable in the University's records.
- Expenditures must be necessary and reasonable for proper and efficient accomplishments of project or program objectives.
- Expenditures are allowable and allocable under the applicable cost principles.
- Expenditures are allowable under the cost principles as stated in OMB Circular A-21.
- Expenditures must not be included as cost sharing for any other project or program.
- Cost sharing expenditures may not be from funds supported by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing.
- Costs are described in the approved budget and/or terms of the sponsored agreement when required by the awarding sponsor.
- **Third party contributions offered as cost sharing require a commitment letter on company letterhead signed by an individual who is in a position to commit the in-kind contribution.**

Listed below are some examples of **Acceptable Cost Sharing Expenditures**:

- Faculty or staff salaries
- Allowable staff benefits related to the cost shared salaries
- Laboratory supplies
- Equipment
- Third party contributions

Any potential direct cost that may be used as cost sharing must also qualify as a direct expense on the project and not be an expense that would normally be included in the Facilities and Administrative (indirect) costs.

Listed below are some examples of **Unallowable Cost Sharing Expenditures**:

- Cost sharing sources that come from other federally sponsored projects that have not obtained prior approval from both federal sponsors involved
- Expenditures that are normally included in the University's Facilities and Administrative rate
- Expenditures that were incurred outside award period
- Expenditures that are considered to be outside the scope of the project