

Cost Sharing Basics

Definitions

Some funding agencies require the grantee institution to demonstrate its financial commitment to the project, or the commitment of other funding sources, by sharing the project costs.

- **Cost sharing** is defined as project costs not borne by the sponsor. Cost sharing funds may come from an outside source in the form of cash contributions, volunteer services, or donated property; from the University's own funds (e.g., personnel effort without salary recovery); or from shared resources or facilities. If the award is federal, only acceptable non-federal costs qualify as cost sharing.
- **Matching funds**, if required by the funding agency, are raised from non-federal outside sources to increase the level of support provided by the funding agency. Such funds must be identified by the donor or funding source for use as matching funds.
- **In-kind contributions** represent the value of non-cash contributions provided by the University or non-federal third parties to a sponsored project when such contributions directly benefit that project and are generally counted as cost sharing.
- **Direct-cost cost sharing** is the provision of faculty and staff time and related fringe benefits, dedicated equipment, tuition, computer support, and other resources as direct support for the project, as well as related indirect costs. Commitments made by departments, schools, or other units must be detailed in the proposal and appropriate approvals must be provided.
- **Indirect (F&A) cost sharing** occurs any time the University agrees to recover less than the federally negotiated indirect cost rate. Approval from the Division of Research, Asst VP for Research is required if an indirect cost rate is lower than the university approved rate. The appropriate IDC rate can also be applied to direct-cost contributions on an MTDC base.
- **Mandatory** cost sharing is required by the sponsor as a condition of the award. Ordinarily this requirement will be indicated in the program announcement.
- **Voluntary** cost sharing is not required by the sponsor but is nevertheless offered in the proposal by the investigator. Often this is in the form of contributed effort. Cost sharing that is proposed voluntarily by the investigator becomes mandatory (also known as 'voluntary committed' cost sharing) once the award is made.
- **Committed Cost Sharing** is a contribution of effort or other costs that are quantified in the proposal narrative, budget, budget justification, or in the award document. Committed cost sharing may be either mandatory or voluntary.