

Cost Sharing

Granting agencies may require the University to bear some of the costs of a sponsored project, with a third party sometimes providing support. Support which is not provided by the primary granting agency is called "cost sharing."

Any cost sharing commitment must be approved by the department head, dean or director, and the appropriate vice president.

Generally, funds from the granting agency and cost sharing funds should be spent at about the same rate throughout the project: for example, when 10% of grant funds have been spent, 10% of cost sharing funds should have also been spent. This provides even support by both parties throughout the project and prevents some problems at the end of the project.

If the University does not provide the cost sharing amounts required in the agreement, a proportionate reduction is normally made in the granting agency's share. To provide the approved split of the costs, a portion of project costs will normally be transferred from the grant FOP to the cost sharing FOP.

Granting agencies may accept several methods for cost sharing. It is important that both **the method** and **the amount** of cost sharing are clearly stated in the written agreement.

Note: Any University employee who spends 5% or more of his or her time on a specific sponsored project should have that portion of his or her salary charged to the sponsored FOP or to a cost sharing FOP for that project.

Methods of Cost Sharing

1. **Cash Cost Sharing** is a cash expenditure on a specific sponsored project. These expenditures are separately budgeted and accounted for in a cost sharing FOP. Cash cost sharing is the preferred method of cost sharing when University funds are used. Contracts and Grants Accounting will prepare cost sharing reports from the accounting records.

2. **In-Kind Cost Sharing** is identified *OMB Circular A-110* as non-cash contributions. These may come from third parties.

Third-Party Cost Sharing is discussed in item 3.

In-kind cost sharing will be approved by the University only in rare circumstances.

3. **Third-Party Cost Sharing** may be cash or non-cash. Non-Cash contributions are the value of contributed goods and services directly benefiting the project.

Cash contributions should normally be processed through a contract/grant FOP designated as 3rd Party Match. All non-cash contributions **must be verifiable**.

The written agreement should include information on any third-party non-cash contributions.

Complete information (such as names, dates, hours worked) on such contributions should be submitted to Contracts and Grants Accounting at the end of the project or in the intervals required in the agreement.

4. Indirect Costs

If indirect costs are the approved method for University cost sharing, the indirect costs are forfeited, meaning that the University gives up the right to be paid by the sponsoring agency for these indirect costs.

No special FOP or certification is needed for this method of cost sharing. If a cost sharing report is required, Contracts and Grants Accounting will compute the forfeited indirect costs and prepare the report.
