

# Cost Sharing

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Federal and/or agency regulations sometimes require that others share in the cost of a sponsored project. This contribution is called 'cost share' or 'match.' Cost sharing can be in the form of cash or an in-kind contribution. *All cost sharing must be discussed with the departmental Chair/School Director or equivalent, before being budgeted.*

## Cost Sharing Categories

Mandatory cost share that is required by the funding agency. This type of cost share is quantified in the budget and is tracked in a cost share index and reported to the sponsor. Mandatory cost share is subject to audit review.

Voluntary committed cost share is not required by the funding agency. This type of cost share is quantified in the budget and is tracked in a cost share index and reported to the sponsor. Voluntary committed cost share is subject to audit review. *The use of voluntary cost share is generally discouraged and with some agencies such as NSF, is not permitted.*

Voluntary uncommitted cost share is not required by the funding agency and is not quantified in the application for funding or award notice. This type of cost share is not tracked in a cost share index or reported to the sponsor. Any departments/units wishing to track voluntary uncommitted cost share can do so through their respective departmental research indexes. These can be established by the Controller's office if one is not currently in place.

## Cost Sharing Types

Cash cost sharing includes any University or third party contributions of actual funds. Typical items include faculty academic year, staff, or graduate assistant time and the associated benefits (including tuition for graduate assistants), indirect costs, including indirect costs not claimed on the sponsor budget, or other direct sources such as cash contributed by third parties.

In-kind cost sharing includes non-cash contributions to a project, including services and property. These can be provided by the University or third party contributors. In kind cost share will not be tracked through the University's accounting system but will require documentation on the form "[Certification for In-Kind Cost Sharing](#)."

All cost shared funds must adhere to requirements in [2 CFR 200.306 – Cost Sharing or Matching](#), and are:

- Verifiable;
- Not included as contributions for any other federal project or program;

- Not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching;
- Necessary and reasonable for proper and efficient completion of the project;
- Allowable under [2 CFR 200 Subpart E – Cost Principles](#);
- Provided for in the approved budget when required by the sponsoring agency

## Cost Share Approvals and Responsibilities

When cost sharing appears on a proposal budget, the source, type and amount of funds should be identified and authorized by the signature of the appropriate Chair/Director and Dean or equivalent.

Principal Investigator Responsibilities: Mandatory and voluntary committed cost sharing represents a binding commitment by the University to a sponsor and is subject to audit under federal and other sponsor regulations. Cost sharing must be documented in the same way as other charges. Once a cost sharing commitment is made, the principal investigator is required to measure, track, record and be prepared to report the commitment.

Unfulfilled cost sharing commitments or lack of documentation may result in a reduction of costs allowed against the sponsored project and a return of funds to the agency. Also, the cost sharing commitment is not automatically reduced when an award is reduced. Should the awarded amount be reduced from the proposed amount, the committed cost sharing may need to be adjusted accordingly, particularly if the awarded budget requires a change in the scope of work. Contact Sponsored Programs if the budget needs adjusted.

Chair/Director/Dean Responsibilities: When a Chair/Director or Dean approves the proposal and cost sharing is indicated in the budget, the responsible administrator is indicating approval of the cost sharing commitments being made by the campus unit. Failure to meet the pledged cost share can result in a reduction of agency funding, and this can impact department/unit/college resources. Therefore it is imperative that Chairs, Directors, and Deans only approve cost sharing commitments that are necessary, allowable, and allocable (relate directly to the specific project in question).

## Establishing a Cost Share Index

A cost share index is normally established when Sponsored Programs forwards the Request for a New Restricted Fund to Grants Accounting. A unique 6-digit cost share index is assigned to the project. The cost share index will start with a “C” followed by five digits. All financial transactions related to the cost share are to be charged directly to the appropriate cost share index in a timely manner.

## Recording Cost Share Transactions

Cost share expenses should be directly charged to the cost share index. Just as with awarded funds, cost shared costs must coincide with the project performance period. Generally expenses included in the Facilities and Administration Cost rate (indirect costs) cannot be used as cost sharing. Once an

expenditure has been used as cost share on a project, the same expenditure cannot be used as cost share on another sponsored award.

To cost share expenditures use the assigned cost index to process the charges. To cost share an existing employee's time on a sponsored project, use the Salary Redistribution Workflow found in Flashline.

## Using Reduced Indirect Costs as Cost Share

When full indirect costs are not claimed on a project they can sometimes be used as required cost share. Reduced indirect costs are either required by the sponsor, or initiated by the University using an Indirect Cost Waiver Request form (contact Sponsored Programs). Typically the sponsor guidelines will indicate if waived reduced indirect costs are allowable as cost share. Sponsored Programs staff will work with the PI to determine what is allowable and what mechanisms are required to document reduced indirect costs as cost share.

## Accounting for Cost Share in Banner

Expenditures charged to the cost share index are the responsibility of the department in which the grant resides. When an expenditure is charged to a cost share, there is an automatic entry in Banner which debits (charges) the department index under the account code 77777 and credits the cost share index in the same account code. Fringe benefits and telephone charges are handled in a similar manner with a manual entry using account code 62077 or 73277, respectively. In effect, the cost share total nets to zero and the expense appears in the departmental index.

1. Expense posts to the cost share index in the appropriate expense category  
Cxxxxx – 72018 \$100.00 (D)
2. Banner automatically transfers the expense to the responsible department  
Cxxxxx – 77777 \$100.00 (C)  
1xxxxx – 77777 \$100.00 (D)
3. If the expense is a fringe benefit or telephone expense, Grants Accounting will manually create the transfer and use account code 62077 or 73277 respectively.

When calculating the amount of cost share expenditures, add the expenditures in each account code, disregarding 62077, 73277, and 77777. This will provide the total expenditures.

If indirect costs are budgeted as cost share on the project, this must be manually calculated. Indirect costs on cost share funds are not captured in Banner. Waived indirect costs that are used as cost share on a project are not captured in Banner and must be manually calculated as well.