COST SHARING

<u>Definition:</u> Cost sharing is a phrase used to indicate that more than one sponsor will share in the costs associated with a project. The most common relationship is for the external sponsor to provide most of the funds and for the University to provide the remainder of the project funds. Matching is a form of cost sharing that generally defines a specific ratio of sponsor and University dollars. This type of cost share is usually an eligibility requirement stated in the RFP (Request for Proposal) and is most often provided from institutional resources. Cost sharing and matching are nearly synonymous and are often used interchangeably.

Cost sharing should only occur when specifically required by the sponsor, unless the department/college makes an exception. Typical cost share items are: **PI salary and fringe benefits**, the **related facilities and administrative** (F&A) cost and **unrecovered F&A** (if allowed by the sponsor). These costs are easily identifiable and documented, and must occur during the project period of the grant the match is benefitting. Cost sharing in excess of the amount required is not allowed. Using federal dollars as matching or cost sharing toward another federally sponsored project is NOT allowed, unless you have written authorization from both federal agencies. Typically, you would NOT use a sponsored program account (program 11-14) or any federal funding (143 funding) for matching unless you have written authorization from the funding agency.

<u>Mandatory Cost Share</u>: Cost sharing that is mandated by the sponsor and described in the application guidelines in the form of a percentage, match ratio, or actual dollars.

<u>Voluntary Committed Cost Share</u>: Cost sharing that is not mandated by the sponsor, but was included in the proposal and/or budget that was provided to the Sponsor. The cost share obligation must be met within the project period and is set up at the time of the award. Voluntary committed cost share should be documented by the Department/College throughout the life of the award and documentation **<u>must be reported</u>** to the Sponsor.

RED FLAG! Many times the wording of the budget justification and/or project narrative indicates voluntary committed cost share. This can be interpreted by the Sponsor and/or our Sponsored Programs Office as a commitment on the part of the University, and they will expect documentation and reporting of the amount indicated. If the wording indicates that faculty or staff will be committing time to the project without reimbursement, or that funds from another project will be used towards this project, this is voluntary committed cost share. OGRD has created a statement to be used in these cases, where we are not intending to cost share, but show other support. This statement can be placed in the document: ***"WSU is including in this proposal, the following information on other resources available which are in support of similar research/activities undertaken by the Principal Investigator (PI). These resources are listed to identify other support for this research/activity and are not included as a commitment of cost-share by WSU."***

<u>Voluntary Uncommitted Cost Share:</u> Cost sharing that occurs during the life of the award and was not offered in the proposal and/or budget that was provided to the Sponsor. This cost share should be documented and verified by the Department/College throughout the life of the award, and will NOT be reported to the Sponsor. The information is kept in case of an audit.

Most Common Types of Cost Share

Cash: Cash contributions differ from in-kind contributions in that an actual cash transaction occurs and can be documented in an accounting system. Examples:

1) Salaries/benefits, goods and services, and travel expenditures (including related F&A) posted to a non-sponsored project account.
2) Third party match in the form of a grant. The organization contributes funding to a sponsored project agreement that directly benefits the proposed project. A separate pledge agreement is required, signed by the authorized organization representative of the contributing organization.

In-Kind: In-kind contributions are those wherein a value of the contribution can be readily determined, verified and justified, but where no cash is transacted in securing the good or service comprising the contribution. Examples:

1) Unrecovered F&A (Indirect costs not charged to the Sponsor).
2) Third party match where the organization is contributing its own labor, land, equipment, materials or services. This contribution is not in the form of a grant coming into the university, and cannot be tracked through our accounting system.
3) The donation of volunteer time valued at a rate that would be reasonable for the time devoted had the volunteer been compensated for their time.
4) The donation of non-institution space where such space would normally carry a fee for purposes other than supporting this particular project (i.e. some negotiation between the PI and the donator, or a benefit will accrue to the donator of the space other than immediate monetary reimbursement for use of the space). This might be the utilization of a local conference room without having to pay the pre-defined and published rate.
5) Use of already established equipment for no cost or a reduced rate in a service center where there is an established, publicized rate that can be documented.

In-kind contributions must be documented with official correspondence from the organization providing the in-kind cost sharing to include appropriate substantive documentation such as published rate schedules, time cards for volunteer, land value, etc.