



Cost Sharing on Sponsored Programs at Ball State University

Cost sharing refers to the portion of a project or program not supported by the sponsor. It is the University's share in the cost of conducting the project/program. Cost sharing occurs either when a sponsor requires, or the University commits, funds beyond those awarded by the sponsoring agency to support a particular grant or contract.

It is in the best interest of the University to minimize cost share on sponsored projects. Cost share will be offered by the University if mandated by the sponsor or needed to accurately reflect the resources required to conduct the project. Because cost sharing involves use of departmental or collegiate funds, department heads or deans may impose limits on the amount of voluntary cost share by faculty and staff in their units.

All committed contributions (cost sharing, matching, and in-kind expenses) must conform to University and federal policies regarding allowability, allocability, and reasonableness and must be verifiable through documentation.

Types of Cost Share

- **Matching** is cost sharing in which there is a specified relationship between the portion of costs provided by the sponsor and the portion provided by the University or third party. For example, in a 1:1 match the sponsor and University would each provide 50% of the total project costs.
- **Mandatory** cost sharing is required by Federal or State statutes or by sponsor regulations and published in the sponsor's application guidelines. Failure to include mandatory cost sharing would make an application ineligible for an award.
- **Voluntary** cost sharing is a contribution of resources to a sponsored program when the sponsor does not require the contribution; it however, can be encouraged by the sponsor. It includes the full cost shared amount when the sponsor requires none, or any amount greater than that required by the sponsor. Upon award, the University has a binding obligation to provide all of the resources which were included as cost sharing in the application.
- **Cash contributions** are expenditures from University accounts which directly support the sponsored program. Cash contributions may be mandatory or voluntary cost-share.
- **In-kind contributions** are goods or services provided as cost sharing in support of a specific sponsored program for which monetary values are assigned, however, funds are not transferred between accounts. Documentation is still required. In-kind contributions may be mandatory or voluntary cost-share.

Considerations

Because administrators will need to commit to expenses and resources, PIs should begin making arrangements for cost sharing as early in the proposal preparation process as possible. It is wise to consult with your Proposal Manager as one of the first steps in budget preparation to ensure that expenses to be proposed as cost sharing are allowable and, if applicable, an appropriate process is used to determine the value of services contributed by a third party.

In order to minimize the impact of cost sharing commitments they are to be limited to meeting sponsor requirements whenever possible. It is inappropriate for the sponsor's program officials to suggest levels of cost sharing which exceed those specified in the program announcement. Any such suggestions should be brought to the attention of your Proposal Manager.

Criteria for Determining Allowability of Cost Sharing Expenses

In general, cost shared expenses must meet the same standards as expenses made using the sponsor's funds. In addition, cost-shared expenses must:

- Be allowable under University policy, the specific terms of the award and OMB Circular A-21.
- Be verifiable in the University's accounting records or those of its fiscal agents (e.g. faculty effort).
- Be necessary and reasonable to efficiently achieve the objectives of the program.
- Be incurred during the effective period of the award.
- Be consistent with OMB Circular A-110.
- Be, in the case of third party in-kind contributions, committed in writing by their authorized official before proposal submission.
- Not be used as cost sharing for any other project. Cost shared dollars are mutually exclusive.
- Not, in the case of cost sharing in a Federal award, be paid from another Federal award unless authorized by the Federal sponsor.
- Not be for any cost included in the University's Facilities and Administrative rate.
- Not be for salary in excess of any mandatory salary cap (e.g. NIH).
- Not include waived indirect costs without prior sponsor approval.
- Not include students enrolled in courses for credit as volunteer hours.
- Not include benefits as cost-share on supplemental compensation.