

POLICY – Participation in Cost Sharing

Version 1.1

Office of Research Services (ORS)

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I. Introduction

Some sponsors typically require institutional cost share or matching as a part of their program guidelines. Cost sharing can be shown in different ways, i.e., cash contributions, variances in indirect costs (F&A), space and facilities, etc. Faculty are encouraged to look at allowable ways to show cost sharing in lieu of cash contributions. When preparing budgets to outside agencies, faculty should keep in mind that the budget request should be constructed in an effort to recoup the real costs of doing the project.

If you have a question or need clarification about a sponsor cost sharing or matching requirement, please contact staff in the Office of Research Services, 6-2862, well in advance of budget preparation and the proposal deadline.

II. Definition

Cost sharing is defined in OMB Circular A-110. Cost Sharing also includes and is synonymous with the term “matching.” These costs would include the portion of the project costs not borne by the sponsor that are incurred during the period of performance. All contributions, including cash and in-kind, that an institution makes to an award. Cost sharing can take the form of contributed effort of academic employees working on the project, or other direct project costs. When allowed by the sponsor, it can also be forgone indirect costs (F&A). i.e., if the sponsor caps the indirect costs below our negotiated rate, 25% instead of 55:87% we can show the unrecovered indirect costs as institutional cost sharing.

III. Procedure

Since a commitment to provide cost sharing or matching funds must be made prior to the actual submission of the proposal, a memo of understanding must be drafted, reviewed and signed by all participating parties prior to final development of the project budget and submission to the sponsor. The memo of understanding should be submitted to the Director of the Office of Research Services at least 10 business days prior to the sponsor’s submission deadline, to allow adequate time to review and approve the request.

Please keep in mind that when cost share or matching funds are being committed only by the department, college or other sources outside of OVCR, the memorandum of understanding does not need to be reviewed or countersigned by OVCR.

IV. General Guidelines

OVCR will commit up to 66⅔% of the funds required for the institution’s cost sharing or match with the remaining 33⅓% to be provided by the participating centers, department or colleges. Requests for funds from OVCR must be made in writing and the commitments of other participants should be specified and documented.

The memo of understanding should include a brief description of:

1. What the funds will be used to purchase
2. If equipment is involved, where the equipment will be located and who will be using the equipment
3. The commitments of financial support from the colleges (s) and department (s)

V. Funded Projects Where OVCR Has Committed Cost Sharing

If the review of the proposal by the sponsor results in an award, the award information should be forwarded to the OVCR Director of Finance. He or she will contact the department to determine how to fund the cost match commitment.

If the award will be reduced from the original request, the cost sharing or matching commitment should be revised so that the amount is consistent with the sponsor requirement. This should be done during the time the sponsor is negotiating the new budget or the principle investigator is submitting a revised budget at the request of the sponsor.

Example: If the original budget was submitted at \$300,000 and the cost-sharing requirement was 30% of the total budget, the original cost share amount would have been \$ 90,000. If the funding level were reduced to \$80,000 the new cost share would be \$24,000. A revised memorandum of understanding should be completed and routed for signatures to reflect the new cost sharing commitment.

Note: Cost share commitments are subject to audit and may need to be reported to the grantor. Therefore, the unit should establish a separate account in the University financial system for these transactions.

VI. IBHE Matching Grant Program

In addition to campus funds, OVCR has available a limited amount of funds provided by the [IBHE Matching Grant program](#) to assist the campus in funding required cost sharing and cost matching commitments for externally funded research projects. When an award has been made, the OVCR Director of Finance will determine to what extent cost-sharing commitments can be funded from the IBHE program and request that OBFS establish a new FOAP within the same department as the original project account. When the account has been established, the OVCR Director of Finance will transfer funds equal to the portion of the cost sharing commitment that will be funded by the IBHE matching grant program. At the same time, the OVCR Director of Finance will request that the college and department initiate a transfer of funds back to OVCR accounts in accordance with the original cost sharing allocation. (In effect, OVCR will trade IBHE funds for whatever funds the department had intended to use for the cost share.) If the project is not eligible for the IBHE program, or IBHE funds are not available, the OVCR Director of Finance will contact the unit and arrange for the transfer of other funds to fulfill OVCR's commitment.