

Cost Share

Overview

Cost sharing is the portion of the total costs of a sponsored project that is borne by Arkansas State University rather than the sponsor. Cost sharing (sometimes called **match**) can take the form of salary support for project personnel or other material contributions such as funds to purchase supplies or equipment. It can also include in-kind contributions from a third party (not A-State) in support of the sponsored project objectives.

A specific and quantifiable offer of cost sharing in a proposal becomes an obligation that the university must fulfill. Generally, the university seeks to minimize these obligations because a voluntary commitment to cost share:

- Increases the requirements for auditable record-keeping by imposing a substantial tracking, monitoring, recording, and documenting burden on the PI and university administrators.
- Redirects departmental, school, college, or central resources from other mission-critical uses to support sponsored agreements.
- Has an adverse effect on the university's Facilities and Administration (F&A; also known as Indirect Cost or IDC) rate. In the calculation of the F&A rate, the denominator is the university's organized research base – the direct costs associated with sponsored projects and non-sponsored research. The numerator is the university's research pool expenses, or the facilities and administrative costs associated with supporting organized research. The total amount of the university's cost-sharing must be included in the denominator. The increase in the denominator serves to decrease the university's overall F&A rate.
- Increases the university's exposure to audit liability. Cost sharing commitments are subject to audit, and a failure to provide the level of cost sharing reflected in the approved award budget may result in a disallowance of award costs, refund of award funds to the sponsor, and possible termination of the award.

Cost sharing must comply with federal, university, and sponsor requirements. Cost sharing should only be engaged in when mandated by the sponsor, if needed to reflect the required effort to complete the project, or when the funding announcement emphasizes cost share as a competitive advantage.

Types of Cost Share

Mandatory – Mandatory cost sharing is required by the sponsor as a condition for proposal submission and award acceptance. A mandatory cost sharing requirement will be specified in the sponsor's published request for proposals. If the mandatory level of cost sharing is not included in the submitted proposal, the sponsor will return the proposal without review.

Voluntary Committed – Voluntary committed cost sharing is cost sharing that is offered in the proposal but not required by the sponsor as a condition of proposal submission. Once offered by the institution in the proposal budget and agreed to by the sponsor, it becomes an obligation the university must fulfill.

Voluntary Uncommitted – Voluntary uncommitted cost sharing is cost share that is over and above an amount that was committed and budgeted for in a sponsored research agreement. It is neither pledged explicitly in the proposal nor stated in the award documents but occurs in the course of executing a project. This is not required to be documented or tracked by the university.

Procedure

Cost share eligibility

- For federal awards, they must be allowable under 2 CFR 200
- Verifiable from recipient's records
- Not used as match for another project
- Not paid by the federal government
- Provided for in the approved budget
- Necessary and reasonable for accomplishment of the project

Principal Investigators (PIs) must obtain prior approval from their Chair or Dean, in writing, to commit cost-share on behalf of the University.

Research and Technology Transfer will aid in determining if the cost share meets the above cost share eligibility guidelines, and obtain appropriate documentation of approval from the PI's chair/dean before submitting the proposal.

All proposals with cost share must include the Director of Sponsored Programs Accounting in the approval chain in Cayuse for review. This must be added manually before the approval of Research and Technology Transfer and Authorized Organizational Representative (AOR).

Any deviation from this above procedure must be approved by the Executive Director of Research or the Vice Provost of Research, Innovation, and Discovery.

Preferred Methods of Cost Share

- Salary/Fringe Benefits
- F&A costs associated with any cost shared direct cost
- Unrecovered F&A when F&A rate is waived or reduced by the sponsor
- Third-Party In-Kind contributions

Related Resources

SPA Cost Sharing Guidelines: <http://www.astate.edu/a/spa/files/cost-sharing-procedure.pdf>

2 CFR 200, Subpart A, Section 200.306: https://www.ecfr.gov/cgi-bin/text-idx?SID=c0ab9610ef6dd74077a1e3a94424a943&mc=true&node=se2.1.200_1306&rgn=div8

Research Governing Principles:

<https://www.astate.edu/a/ortt/toolbox/Governing%20Principles%20for%20Externally%20Sponsored%20Programs.pdf>

SPA Cost Share Form: <http://www.astate.edu/a/spa/forms/>

SPA Cost Share Form Instructions: <http://www.astate.edu/a/spa/files/cost-share-form-instructions.pdf>