

**Arkansas State University
Sponsored Programs Accounting
Cost Sharing Procedure**

General Statement

Cost sharing must be proposed, approved, and accounted for in accordance with sponsored project requirements. Cost sharing should be engaged in only when mandated by the sponsor, if needed to accurately reflect the effort required to complete the project, or when necessary due to the competitive nature of the award.

Definitions

Cost Sharing	A portion of total project costs related to a sponsored agreement that is contributed by someone other than the sponsor. Cost sharing is further classified as either mandatory or voluntary (see below).
Mandatory Cost Sharing	A contribution to a sponsored project or program required by the sponsor as a condition of obtaining the award. Such contributions are binding commitments and must be accounted for in accordance with this procedure.
Voluntary Committed Cost Sharing	Quantified contributions reflected in the proposal narrative, budget, and/or budget justification but not required by the award. These are binding commitments and must be accounted for in accordance with this procedure.
Voluntary Uncommitted Cost Sharing	Contributions not quantified or reflected in the proposal. These are non-binding commitments that do not require documentation or reporting.
In-Kind Cost Share	A non-cash contribution to a sponsored project provided by an external third party. These in-kind contributions may be in the form of real property, equipment, supplies or services.

Procedure

It is the University's objective to obtain maximum cost reimbursement from its sponsors; achieving this objective significantly enhances the University's ability to grow the research enterprise. Excessive or unnecessary cost sharing can have the effect of reducing the negotiated Facilities and Administrative cost rate. For this reason, voluntary cost sharing is discouraged.

In order to be eligible for cost sharing, costs must meet the following requirements:

- 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 approved budget
- Necessary and reasonable for accomplishment of the project

When cost share has been committed to a project, Sponsored Programs Accounting will set up a separate fund to be used to track the expenditures. The cost share budget will appear on the Internal Award Notice, along with the sponsored portion of the budget. University employee time commitments should be charged to the match fund whenever possible. Supplies and travel should also be charged to the match fund using the same procedures that are used for charges to a grant fund; the only change is to note the match fund number instead of the grant fund number.

In unusual circumstances when it is not possible to charge items directly to the match fund, it is necessary to have documentation from University records that supports the amount claimed as cost share. Reports from the Banner system are acceptable in most cases, although further documentation may be required.