

Cost Sharing Frequently Asked Questions

General

1. What is committed cost sharing?

Committed cost sharing refers to any cost sharing that has been specifically committed to a project, whether mandatory or voluntary.

Mandatory cost sharing refers to that portion of the University's contribution that is required by the terms of the project's request for proposal or application or mandated by legislation or regulation.

Voluntary cost sharing is not required by the funding agency. Under 2 CFR 200 (Uniform Guidance), for Federal research proposals, voluntary cost sharing is not expected and cannot be used as a factor during the merit review of applications or proposals unless specifically mentioned in the solicitation.

Committed cost sharing must be budgeted, accounted for and recorded properly in the University's financial system. Prior approval from the sponsoring agency must generally be obtained for any change to the committed cost sharing budgeted. Therefore, voluntary cost sharing is highly discouraged.

2. When submitting a proposal, is there any way to incorporate UH resources to be used on a project without making a cost sharing commitment?

See Attachment A (Acceptable Narrative in Lieu of Cost Sharing Commitments) for sample language that does not place a value on the cost of resources to be used and are not described as UH commitments to the proposed activity.

3. What kinds of costs can be included as cost sharing costs?

Any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must meet all of the following criteria:

- Are verifiable through appropriate supporting documentation
- Are not included as contributions in any other award
- Are necessary and reasonable for accomplishment of project or program objectives
- Are allowable under the cost principles (Circular A-21 or Subpart E – Cost Principles under the Uniform Guidance)
- Are not paid by the Federal government under another Federal award
- Are provided for in the approved budget when required by the Federal awarding agency

Effort

1. Who can I cost share on my grant?

You should be charging the salaries of personnel who perform technical work on the grant (e.g. faculty, researchers, research associates, educational specialists, technicians, postdocs that are paid salaries, and graduate assistants).

2. What about postdocs that are paid stipends?

Postdocs that receive stipends should not be cost shared. Postdocs under this circumstance are considered trainees and not employees of the University. They are also considered to be receiving a living allowance and not wages. In order to be cost shared, personnel must be employees of the University and receive wages.

3. I've been released from teaching a class to work on my grant. Can I cost share the salary of a lecturer hired to teach the class in my absence?

No. Only the salaries of personnel that work directly on, but not paid from, the grant can be cost shared. The lecturer's effort provides a direct benefit to students and fulfills the teaching obligations of the University, which is not an allowable cost on grants.

4. I'm planning to take a sabbatical. Can I cost share my sabbatical salary to my grant?

Yes. However, you can only cost share the proportionate share of your sabbatical salary that represents the time you actually worked on your grant during the sabbatical.

5. I can't function without my administrative assistant. Can I cost share my assistant's salary?

Under OMB Circular A-21, salaries of personnel that perform administrative work (e.g. fiscal administrators, personnel officers, secretaries, clerks, administrative assistants) should not be charged directly to grants because this effort is normally recovered through the F&A rates (i.e. indirect costs). To be eligible as cost sharing, costs must be allowable as direct costs.

Under the Uniform Guidance, project administrative and clerical salaries are allowable as direct costs and may be cost shared provided that all of the following criteria are met:

- Administrative or clerical services are "integral" (essential, vital or fundamental) to the project or activity

- Individuals involved can be specifically identified with the project or activity
- Such costs are explicitly included in the budget or have prior written approval
- The costs are not also recovered as indirect costs

If all of the above criteria are met, the PI should add a justification statement to the proposed cost sharing budget to facilitate the required agency approval.

Note that fiscal administrators, personnel officers, secretaries, and clerks are normally recovered as indirect costs. Thus, such positions should not normally be cost shared.

6. Are there any issues if a PI, who is budgeted for at 10% FTE on the project, decides not to pay himself or herself from the grant?

When key personnel, such as the PI, changes from paid to unpaid effort on a grant, the unpaid effort becomes voluntary cost sharing. The sponsoring agency should be advised of this change. The unpaid effort must be accounted for as cost sharing unless the PI receives written approval releasing the PI from the committed effort.

Space and Equipment

1. I have a piece of equipment in my lab that we purchased with general, revolving or special funds. Can I cost share it?

No. The equipment is included in the computation of allowable depreciation in the F&A rates. As a result, federal regulations preclude the University from treating it as a direct cost, which makes it ineligible for cost sharing.

2. I have a piece of equipment that was donated to our lab nine months ago. I'm applying for a grant. Can I use it for cost sharing?

No. Donated equipment is included in the computation of allowable depreciation in the F&A rates. In addition, to be eligible for cost sharing, the costs of equipment have to be incurred or donated within the project period. This is because the costs are being matched to federal or sponsor dollars, which can be spent only during the project period.

3. We have a state of the art lab that was paid for with general, revolving or special funds or through a gift. Can I cost share the space?

No. Costs of constructing, acquiring or renovating space whether funded through university funds or gifts are included in the computation of allowable depreciation in the F&A rates, which makes them ineligible for cost sharing.

4. I'm buying a new piece of equipment for the project. Can I cost share that? And are there any limitations I should be aware of?

Yes, provided you are not using federal funds and are buying special purpose equipment. Special purpose equipment would be equipment such as scientific equipment, medical equipment, and machining equipment.

In addition, if the project uses equipment to carry out the scope of work, you are generally limited to the depreciation value. In other words, unlike a project where the acquisition of equipment is the primary purpose of the grant, you cannot claim the full value of the equipment as cost sharing. However, you could obtain sponsor approval to claim the full value for cost sharing purposes in this circumstance.

Please note that if the sponsor or terms of the award have any restrictions on cost shared equipment related to the F&A cost proposal, additional review may be required by ORS.

5. The grant allows for rental expenses related to an off-site facility. If allowed by the sponsor are we allowed to pay the rental fee with departmental funds and include as cost sharing even if it is considered “research” space?

Yes, restrictions related to cost sharing of research space is related to UH facilities. Restrictions do not apply for rental expenses paid for off-site facility costs.

Other Costs

1. What costs can I cost share?

You should be sharing costs that can be charged directly to a grant such as laboratory supplies, long distance charges, animals, animal care costs, travel costs, and recharge center fees.

2. Are there any costs that should not be cost shared?

Yes. Under the federal regulations, costs such as office supplies, postage, and local telephone costs should normally be recovered through the F&A rates, which makes them generally ineligible for cost sharing.

However, in special circumstances such costs may be charged directly to grants and thus be eligible for cost sharing. For example, a project may be collecting data through a mass mail survey. In lieu of charging the postage to the grant, it could be cost shared.

Finally, the salaries of maintenance personnel and executive administrators (e.g. presidents, chancellors, deans, directors) should not be cost shared because they are normally recovered through the F&A rates. However, refer to Question #5 under Effort above for project administrative or clerical services that are “integral” to the project or activity.

3. What about costs of salary in excess of the NIH salary cap?

No. They cannot be cost shared because they cannot be charged directly to NIH grants, which makes them ineligible for cost sharing.

4. Can I cost share a discount?

No. The University must incur costs in order for an item to be allowable as cost sharing. Discounts (e.g. quantity, educational, etc.) do not result in actual cash expenditure. Thus, they are not allowable as cost sharing.

5. Can I cost share a tuition waiver? Are there any limitations I should be aware of?

Yes, provided that the tuition waiver was awarded in accordance with University policy, which should be consistently applied by the institution whether GA's work on or paid from grants or institutional funds. In addition, tuition waivers are treated like wages under federal regulations. Thus, if the student does not work 100% on the grant, you should cost share a proportionate share of the tuition waiver based on the student's relative effort.

6. I'd like to cost share volunteers on a grant. Are there any documentation requirements I should be aware of?

Volunteer services must be an integral and necessary part of an approved project or program to be included as cost sharing. You will need to develop a document to capture the time volunteers spent on your project and how you valued the volunteer time. You could capture time in timesheets or sign in logs with a start and end time. And you will need to prepare worksheets showing how you arrived at the valuation for each volunteer or class of volunteers.

In lieu of calculating a value for different types of volunteers, you could use a flat rate. The following web site provides valuations for volunteer time at various locations in the US:

http://www.independentsector.org/programs/research/volunteer_time.html

Unrecovered Indirect Costs

1. What are unrecovered indirect costs?

Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the approved negotiated indirect cost rate.

2. How would I know if my sponsor permits the use of unrecovered indirect costs as cost sharing?

Unrecovered indirect costs may only be included as cost sharing with the prior approval of the Federal awarding agency.

3. How would I calculate cost share for unrecovered indirect costs?

With prior approval by the Federal awarding agency, indirect costs on cost sharing or matching may be included as part of cost sharing or matching. The indirect cost rate charged on the grant would be applied against cost shared amounts such as salaries, fringes, materials, etc. that qualify as modified total direct costs (MTDC). See Attachment B.

Unrecovered F&A costs based on the difference between the reduced indirect cost rate for the project and University's fully negotiated F&A rate, as applied to total MTDC for the project, may also be allowed as cost sharing with prior approval by the Federal awarding agency. Unrecovered F&A or unrecovered indirect cost is the difference between the amount the University could have recorded if it was allowed to charge the full negotiated F&A rate. See Attachment C.

Third Party Cost Sharing

1. What is allowed as third party in-kind cost sharing contributions?

For third party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally for direct costs recorded by the University.

2. What do I need from third parties to document cost sharing?

At the proposal stage, the PI should obtain a written letter from a person with the authority to bind the third party that explicitly states the dollar amount of cost sharing. For example, the President of ABC Corp. committed \$25,000 in cost sharing on [company letterhead](#). See Attachment D – Sample Letter at Proposal Stage.

At award closeout, the PI should obtain a written letter that summarizes and confirms the cost sharing from the third party. For example, the President of ABC Corp. confirms the type and amount of cost sharing of \$25,000 on [company letterhead](#). See Attachment E – Sample Letter at Award Stage.

3. When might I need more documentation from the third party?

If the item in question represents a large part of your cost sharing commitment or is based on estimates (e.g. appraised value), you should obtain copies of the

documentation supporting the valuation (e.g. purchase documents; appraisals; volunteer hours and related values) and retain them in the project folder.

4. Are there any other costs that a third party can cost share?

Yes. Provided that the third party is not a subawardee on the project that has an F&A rate, the third party can contribute the rental value of the use of its space or equipment as cost sharing.

It is recommended that you obtain the documentation that supports the valuation of the equipment or space from the third party.