Cost Sharing, Matching, and In-Kind Contributions in Proposals

The terms "cost sharing," "matching," and "in-kind" refer to that portion of the total project costs not borne by the sponsor. These terms are often used interchangeably. Attention should be given to sponsor definitions of these terms, however the University uses "cost sharing" to refer to labor costs, "matching" to nonlabor costs (e.g., equipment or cash), and "in-kind" to costs borne by an external organization (e.g., unpaid time).

Mandatory: Sponsor-driven, i.e., cost sharing or matching/in-kind funds required by the sponsor as a condition for proposal submission.

Voluntary: Investigator-driven, i.e., cost sharing or matching/in-kinds funds not required by the sponsor as a condition for proposal submission.

1. Proposal Development:

The policies below must be followed when committing cost sharing and matching/in-kind in proposals:

- If cost sharing or matching/in-kind is mandatory, principal investigators must include it in the proposal budget.
- Cost sharing, matching and in-kind costs cannot include contributions designated for other sponsored projects, unless they are specifically authorized by that sponsor. For example, a gift designated as a match on one project cannot also be used as a match on another project.
- Costs used to satisfy cost sharing or matching/in-kind commitments will be subject to the same policies as other costs under the approved budget, unless they are specifically authorized by that sponsor. Thus, to qualify for cost sharing, matching, or in-kind, all charges must be:
  - allowable under University and sponsor policies and the terms of the NOGA.
  - allocable as a cost to the project.
  - reasonable and necessary for performance of the project
  - allowed as a direct cost on the project, for example administrative salaries cannot normally be used as cost sharing on federal projects.
- If either mandatory or voluntary cost sharing/matching/in-kind contributions are included in the proposal, the principal investigator must check 'yes' to the matching question on the Proposal Routing Form.
- When cost sharing/matching/in-kind contributions are included, it is important to state the following in the budget justification: "If this award is reduced, the proposed cost sharing (matching or in-kind) will be reduced proportionately."

If this statement is not included, the sponsor could reduce the award but require the principal investigator to honor the level of cost sharing committed in the proposal.

Cost Sharing

- Voluntary effort is discouraged. All effort on the project should be included as a direct cost in the proposal.
• While voluntary cost sharing should be minimized, sponsored projects (unless they fall under the exemption shown below) should have a minimum of 1% of annual committed principal investigator (or senior researcher) effort during each budget period (summer months, academic terms, or both), recognizing the investigator's scientific and administrative direction of the project. This means that at least one of the three effort statements in each year of the project must show principal investigator effort. This includes no cost extension periods. Such effort, if not paid by the sponsor, must be cost shared. Committed cost sharing must be tracked in the University's effort system (uncommitted cost sharing is not included in the effort system. See 'Definitions').

• Programs for equipment, instrumentation, student support, and doctoral dissertations are exempt from the requirement to have committed principal investigator effort; however, a committed level of effort should be included on such project if the nature of the particular project requires more than de minimus time involvement by the PI.

Requirements for principal investigator effort are specified in Administrative Policy: Effort Certification.

• Cost sharing commitments will be considered approved by the departmental and collegiate signatures on the Proposal Routing Form.

Matching/In-kind

• The sponsor's program announcement will outline any matching/in-kind requirements.
• Whenever matching/in-kind funds are committed from sources outside the department or college, an approval letter must be obtained from the source of those funds and attached to the proposal.

2. Proposal Review:

• When reviewing the proposal and Proposal Routing Form, the department head must evaluate the necessity of cost sharing. Some issues include:
  o Is voluntary cost sharing necessary to complete the project?
  o Can the department supply funds necessary to meet these commitments?
  o Is the level of cost sharing suggested by the principal investigator appropriate for the project?
  o Is the level of cost sharing suggested by the principal investigator appropriate considering the individual's other commitments?
• During proposal review, the department head must ensure that cost sharing or matching/in-kind commitments made in the proposal are reflected on the Proposal Routing Form.
• Cost sharing and matching/in-kind commitments are considered approved by the departmental and collegiate signatures on the Proposal Routing Form.