

## STANDARD OPERATING PROCEDURE (SOP)

SOP Number: 6  
Effective Date: March 1, 2018  
Last Reviewed: March 2, 2020

Title:  
**Cost Sharing on Sponsored Programs**

### **OSP Contact Information**

Business Hours: 8:00 a.m. to 4:30 p.m., Monday-Friday (excluding holidays).

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### **I. Overview**

Cost sharing is the portion of the total costs of a sponsored project that is not borne by the sponsor. This procedure provides guidance to facilitate compliance with federal regulations surrounding cost sharing as set forth in 2 C.F.R. 200.306.

### **II. Applicability**

This procedure applies to all types of cost sharing (mandatory committed cost sharing, voluntary committed cost sharing, In Kind and Cash) that may be included in a grant proposal. Definitions for the different types of cost sharing are included in section **VI: “Definitions”** below. Principal Investigators and OSP staff must be familiar with the different types of cost sharing and the expectations that come with each. This procedure applies to both federal and non-federal programs.

### **III. Procedure**

Uniform Guidance (2 CFR 200.306) requires that solicitations state whether mandatory cost sharing or matching is an eligibility requirement for submitted applications. If cost sharing is not required it will be stated explicitly. In addition, federal regulations under 2 CFR 200.306 require that voluntary committed cost sharing must not be used during merit review of applications unless it is specified in the Notice of Funding Opportunity, along with criteria for considering voluntary committed cost sharing ([2 CFR 200.306](#)). Federal funding agencies do not include mandatory cost sharing as a general eligibility requirement for grant proposals and therefore, including voluntary cost sharing is typically discouraged as it does not influence the merit review and can reduce indirect cost rate for the institution in the long term.

### **Types of Cost Share**

There are three types of cost sharing that occur on sponsored programs.

1. **Mandatory Committed**: The sponsor specifically states that cost sharing is a requirement of award. This statement will be included in the solicitation or request for proposal.
2. **Voluntary Committed**: This type of cost sharing is not required as a condition of award but the applicant includes and quantifies cost sharing in the proposal budget. If awarded, this voluntary cost sharing will become a mandatory commitment on behalf of the University, and tracking and reporting to the sponsor on cost sharing will be required throughout the project performance period.
3. **Voluntary Uncommitted**: This type of cost sharing was not included in the original proposal but did occur during the project performance period. This type of cost sharing should be documented by the department or college but will not be reported to the sponsor. It is not a binding condition of award since it was not originally included in the proposal.

Other terms that may be utilized in a cost-sharing scenario include the following:

1. **Cash**: Cash cost sharing involves a commitment, in hard dollars, of funds that are allocated specifically to the project. Cash cost sharing involves an actual cash transaction within the University’s accounting systems from one University account to the project account. It is easy to mistake the allocation of compensated faculty/staff time as a donation or as In-Kind because the faculty or staff member would be compensated regardless of the

project, but the value is the result of a cash transaction and should be treated as a cash contribution. Examples of acceptable Cash match are included in Table I below.

2. **In-Kind:** In-Kind cost sharing is a contribution where the value of the contribution is readily determined, verified and justified, but where no cash is transacted in procuring the good or service. These non-cash contributions may be provided by the University or a non-federal third party. Examples of In-Kind match can be found in Table I below.

**Table I. The following table provides a listing of typical Acceptable expenses for cost sharing.**

Type	Acceptable
<b>Cash</b>	Salaries and Fringe of paid personnel <ul style="list-style-type: none"> <li>• OSP will require a source account for the cash transaction be provided during proposal stage</li> <li>• If salary is included as cost sharing then associated fringe is automatically included</li> </ul>
	Third Party Cash Contribution/Gift <ul style="list-style-type: none"> <li>• Will require a separate letter of commitment outlining the contribution in proposal phase</li> </ul>
	Travel expenses of project personnel
	Purchase of new equipment
	Purchase of new supplies
	Purchase of services
<b>In-Kind (value-added)*</b>	Salaries and Fringe of unpaid personnel (uncommitted summer CAS, volunteer time) where the time is valued at a rate that is reasonable for the time devoted had the individual been compensated for the time.
	Donation of non-institution facility space where the space would normally carry a fee for purposes other than supporting this project (using conference center without having to pay the rental rate. Commitment must be documented
	Value of existing supplies
	Value of services
	Value of existing Equipment <ul style="list-style-type: none"> <li>• Preferred if PI does not commit UWO-owned equipment as cost share. Instead, consider using statement “available for performance of sponsored agreement at no direct cost to project.”</li> </ul>
	Donation of third-party match whether the party provides own labor, land, equipment, materials or services

\*In-Kind contributions must be documented with official correspondence from the organization providing the commitment. In Kind commitments must provide documentation that shows published rates and market values, time cards for volunteers, land or equipment value, etc.

**Table II. Examples of Unacceptable forms of cost sharing. All new proposals submitted through the University of Wisconsin Oshkosh are strongly discouraged from including voluntary committed cost sharing. Only mandatory cost sharing explicitly stated in the Notice of Funding Opportunity is typically permitted.**

<b>Unacceptable</b>
Voluntary Committed Cost Sharing (unless sponsor specifically recommends cost sharing as a component of review criteria)
Unrecovered indirect costs (unallowable as Cash match but possible as In Kind if pre-approved by sponsor) <ul style="list-style-type: none"> <li>• If sponsor considers indirect costs unallowable in the budget then they are also unallowable as cost share</li> </ul>
Federal funds
Non-federal funds already committed as cost sharing on other projects
Depreciation of government-funded equipment
Costs that cannot be quantified
Costs not incurred within the project period
Costs that do not directly benefit the project
Costs that are Unallowable per Uniform Guidance (2 CFR 200).
University Facilities <ul style="list-style-type: none"> <li>• PI should instead use statement “available for the performance of the sponsored agreement at no direct cost to the project.”</li> </ul>
University utilities

**Documentation of Institutional Support:**

In certain situations, the University wants to show institutional support for a project by including a written statement on the availability of facilities, space, equipment or other resources, such as uncompensated project staff. Documentation of this institutional support may be included in the project narrative but it is important to not quantify the commitment, otherwise a sponsor may view that statement as voluntary committed cost sharing. NSF proposals that include a statement of institutional support of facilities, equipment or other existing resources must include this unquantified information in the “Facilities, Equipment, and Other Resources” document of the proposal

Principal Investigators are encouraged to review their budget narrative and project narrative to ensure the wording does not suggest or hint that voluntary committed cost sharing will be provided. This could be interpreted by the sponsor as a commitment by the University, and documentation of this cost sharing will be required in the award phase. Statements that include any mention of faculty, staff or student effort toward the project that will be unpaid will be seen as voluntary committed cost sharing. Another statement that will be interpreted as voluntary committed cost sharing is when funds from another project will be used towards this project. If you come across this language in your proposal, OSP instead suggests utilizing the following statement in your proposal:

*“UW Oshkosh is including in this proposal, the following information on other resources available which are in support of similar research activities undertaken by the Principal Investigator (PI). These resources are listed simply to identify other support for this research and are not included as a commitment of cost share by UW Oshkosh.”*

**Approvals:**

If the above situations apply and cost sharing is allowable for the project or program, approvals must be received by the necessary institutional approvers, including: 1). Unit Dean/Director, 2). OSP Director, and 3). Controller (if appealed). Approval signatures will be provided on the attached form and parties will be notified of the intended cost sharing during the pre-award phase. All signatory approvals for cost sharing/matching must be received prior to submission of the proposal to the sponsor. During the internal review process, OSP will ask the PI to provide documentation of the approval and will also ask for the internal funding string (source account) for the anticipated University commitment if a cash match will be provided.

#### **IV. Guidance Documents/Policy Links**

[OMB Uniform Guidance 2 CRF 200.306](#)

#### **V. Templates/Forms**

Cost Share Authorization Form (.xls)

#### **VI. Definitions**

**Committed Cost Sharing:** Cost sharing that is specifically quantified and committed within a UW Oshkosh application or proposal budget or budget justification and therefore becomes legally binding and reportable to the sponsor. Committed Cost Sharing can be further categorized into two types: Mandatory and Voluntary.

**Mandatory:** Mandatory Committed Cost Sharing that is an eligibility requirement on an application or proposal (required by sponsor's award terms). Once included in a grant proposal, it becomes a legally-binding requirement of award.

**Voluntary:** Voluntary Committed Cost Sharing (VCC) that is pledged on a voluntary basis in the proposal budget or in the federal award on behalf of the non-Federal entity and becomes a binding requirement of award. This is a quantified contribution of resources offered within a sponsored grant application or budget. Once the commitment is made and the grant awarded, the commitment must be met

**Voluntary Uncommitted Cost Sharing:** Effort or other direct costs above that which was agreed to in the award. Since this was not proposed and constitutes "additional" time or materials it is therefore not considered a binding agreement and shall not be accounted for as cost sharing.

**In-Kind Contributions:** Costs for which support is already in place and covered by UW Oshkosh operating budget or other funds within the University. Some examples can include internal services, existing supplies, facilities, space, etc.

**Third Party In-Kind Contributions:** Any contributions, supplies or services provided by an organization other than the University.

**Cash Contribution:** A contribution of cash or check to the project. Differs from In-Kind cost sharing. May come from the University or from a third party.

#### **VII. Contact Information:** For questions or comments please contact [OSP@uwosh.edu](mailto:OSP@uwosh.edu) or 920-424-3215

#### **VIII. Revision History:** March 1, 2018; September 17, 2018; April 15, 2019; March 2, 2020



# Cost-Share Authorization Form

Principal Investigator	
Project Title	
Sponsor	
Start Date	
End Date	

Cost-Share Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Funding Type (Cash, In-Kind)	Funding Source (Name)	Account Number (XXX-XXXXXX-X)
<b>PERSONNEL - TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
Grad Assistant - # of students, # of hours, and rate								
Students - # of students, # of hours, and rate								
<b>FRINGE BENEFITS - TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
Faculty/Staff	0	0	0	0	0			
Graduate Assistants	0	0	0	0	0			
Student Employees	0	0	0	0	0			
<b>SUPPLIES - TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>TRAVEL - TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>OTHER DIRECT COSTS - TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

