

STANDARD OPERATING PROCEDURE (SOP)  
UW Oshkosh Office of Sponsored Programs

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Title:  
**Cost Sharing on Sponsored Programs**

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## I. Overview

Cost sharing is the portion of the total costs of a sponsored project that are not borne by the sponsor but are instead borne by UW Oshkosh or a third-party. This procedure provides guidance to facilitate compliance with federal regulations surrounding cost sharing as set forth in: [2 CFR 200, Subpart E-Cost Principles](#), [2 CFR 200, Subpart D-Post Federal Award Requirements](#), and [OMB Memorandum M-01-06: "Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs"](#)

## 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 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 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 or review criteria for grant proposals and therefore, including voluntary cost sharing is typically discouraged.

### 1. Federal Cost Sharing Regulations

The following three key resources provide guidance on treatment of UW Oshkosh cost sharing on federal sponsored projects. It is the responsibility of UW Oshkosh to apply these federal standards to all sponsored projects, both federal and non-federal.

- a. [2 CFR 200, Subpart E-Cost Principles](#): Provides a background for identifying and documenting costs that may be charged directly or indirectly and those which may be provided as cost sharing
- b. [2 CFR 200, Subpart D-Post Federal Award Requirements](#): 2 CFR 200.306 provides guidance on determining allowability and value of specific types of cost sharing contributions. To be acceptable as a cost sharing contribution, the item must:
  - i. Be verifiable from University records
  - ii. Be used as a contribution only once (i.e. not committed to multiple projects)
  - iii. Be necessary and reasonable for proper and complete completion of the project objectives
  - iv. Not have been paid to the University under a federal award
  - v. Be indicated in the approved budget, when required by sponsor
  - vi. Be an allowable cost as defined in 2 CFR 200, Subpart E-Cost Principles
    - i. Must be allowable as a direct cost

- ii. Must be allocable as a cost to the project and contributed during the period of performance
  - iii. Must not duplicate the type of costs included in the UW Oshkosh facilities and administrative expenses
- c. [OMB Memorandum M-01-06](#): “Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs” which essentially states that an item becomes a cost sharing commitment only if it is specific and quantified.

## 2. Types of Cost Share

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

- a. 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.
- b. 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.

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 unless the investigator has a specific reason for including voluntary committed cost sharing in the proposal and has received approval by their Dean/Unit Director.

- c. 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:

- a. Cash: Cash cost sharing involves a commitment, in hard dollars, of funds that are allocated specifically to the project. This is a new, incremental cost such as for equipment, travel, or additional staff needed to conduct 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.
- b. 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. No new cash outlay is needed. Examples of In-Kind match can be found in Table I below.

The distinction between Cash and In-Kind cost sharing can be confusing. In many contexts it is not important to establish a solid distinction between these two types. Instead, the key item of importance is that contributions of salary and fringe benefits should always be an investigator’s first choice when offering cost sharing in a sponsored project proposal since these are easily tracked and documented in the University’s financial system.

### 3. Methods of Cost Sharing

#### a. Direct Costs Funded with Institutional Support

- i. The University bears a portion of the cost sharing in this example. The University charges the expenditures to institutional funds and this is the most common method for cost sharing. The most common type of cost sharing occurs when salary and fringe benefits paid by the University are committed to a specific sponsored project. This is considered a cash contribution since an actual cash transaction is completed in the University financial system.

#### b. Direct Costs Supported with Third Party Cash Contribution

- i. Sponsored project direct costs are supported by funds provided to UW Oshkosh by a third party entity. The external entity provides a cash contribution to the University, and the cash is deposited into a UW Oshkosh account. This account becomes a funding source for project-related expenses. This method is early tracked and represented within UW Oshkosh accounting systems.

#### c. Third Party In-Kind Contributions

- i. These are non-cash contributions to the University from a third-party entity. The external entity provides the value of goods and services, rather than cash. Examples include donated space, donated buildings or land, donated supplies, donated or loaned equipment, volunteer effort, or the paid effort of employees from the external, third-party entity. The goods and services must directly benefit the project.
- ii. In-Kind donations from third-party entities are more difficult to track in UW Oshkosh financial systems. It is mandatory that the contribution be documented in writing and the method for determining its value be included in the documentation, for reporting to the sponsor, if required.

#### d. Indirect Costs

- i. There are two ways that indirect costs can be included as cost sharing. First, when a direct cost is shared, the associated indirect cost can, and should, be included if considered allowable by the sponsor. Second, if the project utilizes an F&A rate that is lower than the UW Oshkosh federally-negotiated rate, this difference in rates can be offered to meet cost sharing requirements. This is known as waived cost sharing. This requires pre-approval by the sponsor and internal UW Oshkosh approvers.

### 4. General Cost Sharing Guidelines:

- a. Each item of cost sharing in a proposal must be clearly defined and clearly identified in the proposal budget. Items committed as cost sharing must be *specific and quantifiable*. If the proposal is funded, it will be a requirement of the award to track all cost sharing committed in the proposal.
- b. Identifying resources to meet cost sharing obligations is the responsibility of the Principal Investigator. Investigators planning to include cost sharing must also consider their other time and effort commitments and the availability of resources to meet these obligations. Investigators should discuss these commitments with their Dean/Director and obtain their approval before including these cost sharing items in the proposal. The discussion should focus on whether the benefits of receiving the award would outweigh the costs associated with addressing the cost sharing commitments, in addition to the costs of tracking and administering the cost sharing.
- c. The investigator is required to identify the source of each cost sharing contribution at the time of proposal. This is a necessary step for the internal review process. Deans/Directors are included in the internal review process and are required to approve any cost sharing commitments that originate in the College/Unit during their review(s). Responsibility for approving proposed cost sharing lies with the Dean/Director of the unit which owns the source of support.

- d. Example: Dr. Smith will commit 20% effort during the academic year to the proposed project.
- i. When this statement is in the project description, a matching statement should be included in the budget or budget justification. Investigators should be careful not to make specific and quantifiable statements in the project narrative without including a matching statement in the budget justification, because these will be interpreted as cost sharing commitments and as a result subject to audit.

**5. Allowable Cost Sharing:**

- a. Once an investigator identifies that cost sharing is appropriate to include in a proposal, they must receive approval from their Dean/Unit Director. Care must be taken by the investigator, Dean/Director, and OSP to ensure that the cost share items are acceptable according to federal regulations and University policy/process. Certain cost items are preferred while others are unacceptable, as listed in the tables below:

**Table I. Accepted and Preferred Cost Sharing**

Type	Acceptable and Preferred
Salaries and fringe benefits of UWO employees	<ul style="list-style-type: none"> <li>• Readily identifiable in UW Oshkosh financial system</li> <li>• OSP will require a non-sponsored (institutional) source account during proposal stage</li> <li>• University-funded salaries are for employees directly involved and engaged in the project</li> <li>• Sabbatical leave may be claimed if it is directly identifiable with the project and approved by the Dean</li> <li>• If salary is included as cost sharing then associated fringe is automatically included</li> <li>• Salaries and fringe for administrative staff whose effort does not directly benefit the project are <u>not allowable</u> (these costs are already included in the F&amp;A calculation)</li> </ul>
F&A costs associated with any cost shared direct expense	<ul style="list-style-type: none"> <li>• Readily identifiable in UW Oshkosh financial system</li> <li>• Should be included in the cost sharing commitment whenever any UWO direct expense is offered as cost sharing. The exception is any direct expense for which F&amp;A costs are not allowed (equipment, tuition remission, participant support costs), or if the sponsor does not allow indirects to be utilized as a cost sharing source</li> </ul>
Unrecovered F&A costs (i.e. waived F&A)	<ul style="list-style-type: none"> <li>• Readily identifiable in UW Oshkosh financial system</li> <li>• Prior approval by sponsor and UWO required</li> </ul>
Third-party cash contributions	<ul style="list-style-type: none"> <li>• Readily identifiable in UW Oshkosh financial system</li> <li>• Can support any expense item</li> <li>• Eliminate need for using institutional funds</li> </ul>

**Table II. Acceptable but not Preferred Cost Sharing**

Type	Acceptable but Not Preferred
Purchase price of equipment acquired by UWO	<ul style="list-style-type: none"> <li>• Requires a commitment of UWO cash.</li> <li>• More difficult to document than items in Table I</li> <li>• PI must use the portion of the purchase price provided by UWO to meet the cost sharing commitment.</li> <li>• Existing equipment at the University must <u>not</u> be offered as quantified cost sharing. Instead, the PI should categorize available existing equipment as “<i>available as needed for the performance of the sponsored project at no direct cost to the sponsor.</i>”</li> </ul>
Travel Expenses	<ul style="list-style-type: none"> <li>• More difficult to document than items in Table I</li> </ul>

	<ul style="list-style-type: none"> <li>• Auditable in regards to relationship of travel to the project (i.e. how did the travel benefit the project?)</li> <li>• Must be a direct benefit to the project</li> <li>• Value of cost-shared travel expenses must be consistent with UWO's travel reimbursement rates and limitations</li> </ul>
<b>Tuition or Tuition Remission</b>	<ul style="list-style-type: none"> <li>• More difficult to document than items in Table I</li> <li>• Allowability can be an issue. When allowed by the sponsor as a direct charge, it may be offered to meet a cost sharing commitment</li> <li>• Tuition is not allowable as a direct charge on a federal research award and therefore tuition may not be offered to meet a cost sharing requirement on a research award. As part of a graduate student's compensation package, tuition remission generally is an allowable charge on a research award and is routinely charged to sponsored projects.</li> <li>• Tuition may be an allowable charge on an instructional award (training grant), and may therefore be offered as cost sharing on such an award.</li> <li>• When tuition is cost shared, a funding source must be identified to pay for the expense.</li> </ul>
<b>Supplies</b>	<ul style="list-style-type: none"> <li>• More difficult to document than items in Table I</li> <li>• Appropriateness of supplies can be questioned. Supplies are often categorized as administrative expenses because they can be used for all department activities, not specific to a sponsored project.</li> <li>• Use of supplies as a direct cost requires clear justification.</li> <li>• When used, the value assigned to the supplies must be reasonable and must not exceed the fair market value of the supplies at the time of their use</li> </ul>
<b>Volunteer Effort</b>	<ul style="list-style-type: none"> <li>• Challenges can be presented when determining value. Auditors will question whether the services have been valued properly</li> <li>• Additional administrative effort is needed to document the fulfillment of the commitment</li> <li>• Volunteer services provided by professional and technical personnel, consultants and other skilled or unskilled labor may be provided as cost sharing if the service is necessary to the project</li> <li>• Rates for these services must be consistent with those paid for similar work at UWO or in the labor market</li> </ul>
<b>In-Kind Contributions from Non-UWO third parties*</b>	<ul style="list-style-type: none"> <li>• Similar to volunteer effort; challenges exist with respect to determine the value of the contribution and documenting fulfillment.</li> <li>• Includes volunteer services, effort from employees at other organizations, donated space, donated land/buildings, donated equipment, loaned equipment, donated supplies</li> <li>• For these third-party contributions, the University must determine the value in accordance with 2 CFR 200-Subpart D. PIs must contact their dean or director's office who will then work with OSP to determine value for cost sharing contributions.</li> </ul>
Option 1. Employees at other organizations	<ul style="list-style-type: none"> <li>• When a non-UWO employer provides employee services, the services are valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, and indirect costs at either the third-party organization's approved federal indirect cost rate, or, at a rate in accordance with 200.414, paragraph d. This assumes the employee is providing services that are within the same skill that the employee provides in their home institution/organization</li> </ul>
Option 2. Donated space	<ul style="list-style-type: none"> <li>• Space donated by a third party shall not exceed the fair rental value of comparable space and facilities in a privately-owned building in the same locality.</li> </ul>

Option 3. Donated land/buildings	<ul style="list-style-type: none"> <li>Fair market value must be determined by a qualified independent appraiser and certified by a responsible university official</li> <li>Value is the lesser of (a) certified value of the remaining life of the property recorded in the university's accounting records at the time of donation or (b) the current fair market value</li> <li>If it is anticipated that the title will transfer to UWO, normally only the depreciation or use charges for the space may be utilized as cost sharing. Obtain sponsor approval if you plan to claim the fair market value as cost sharing</li> </ul>
Option 4. Donated equipment	<ul style="list-style-type: none"> <li>Typically only depreciation or use charges for the equipment may be claimed</li> <li>Example: If equipment fair market value is \$50,000 and has a useful life of five years, then UWO may claim <math>\\$50,000/5 = \\$10,000/\text{year}</math> in cost sharing.</li> <li>Investigator must obtain sponsor pre-approval in order to claim fair market value of the equipment. If the sponsor approves, then equipment must be excluded from the calculation for F&amp;A/indirect cost rate</li> </ul>
Option 5. Loaned equipment	<ul style="list-style-type: none"> <li>Typically only use charges can be claimed as cost sharing.</li> <li>Fair rental value can be claimed with sponsor pre-approval</li> </ul>
Option 6. Donated supplies	<ul style="list-style-type: none"> <li>Supplies may include expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies.</li> <li>Value assigned to supplies must be reasonable and must not exceed the fair market value of the supplies at the time of their use</li> </ul>

\*Contributions from third party entities must be documented with official correspondence from the organization providing the commitment. Commitments must provide documentation that shows published rates and market values, time cards for volunteers, land or equipment value, etc.

**Table III. Unacceptable Forms of Cost Sharing**

Type	Unacceptable/Not Recommended
<b>University-furnished Space</b>	<ul style="list-style-type: none"> <li>Does not qualify for cost sharing since this is already considered part of the "institutional environment"; already included in the determination for F&amp;A rate and not charged as a direct expense</li> <li>Exceptions are rare and will require approval from the sponsor and UWO.</li> <li>Equipment can instead characterize the facilities as "<i>available as needed for the performance of the sponsored project at no direct cost to the sponsor</i>"</li> </ul>
<b>University-furnished Equipment</b>	<ul style="list-style-type: none"> <li>Generally does not qualify for cost sharing since this is already considered part of the "institutional environment"; already included in the determination for F&amp;A rate and is not charged as a direct expense</li> <li>Instead, include this existing equipment in the proposal as "<i>available as needed for the performance of the sponsored project at no direct cost to the sponsor</i>"</li> </ul>
<b>Costs incurred outside of the proposed project start and end dates</b>	<ul style="list-style-type: none"> <li>Just as award expenses must be incurred during the project start and end dates, so does cost-sharing. Do not include expenses that will be incurred outside of these dates as cost-share.</li> </ul>
<b>Cost sharing beyond that required by the sponsor</b>	<ul style="list-style-type: none"> <li>If a sponsor requires 1:1 cost sharing in the proposal, OSP recommends meeting the minimum 1:1 requirement rather than committing more (2:1, for example). Most sponsors require applicants to meet only the minimum match requirements and typically do not award more points for exceeding the match requirement. It is the responsibility of the PI and their department/unit to decide how much cost sharing is acceptable.</li> </ul>
<b>Departmental Administrative Expenses</b>	<ul style="list-style-type: none"> <li>Includes supplies and salaries used for general or administrative purposes.</li> </ul>

	<ul style="list-style-type: none"> <li>Generally does not qualify as cost sharing; these expenses benefit and are distributed across all activities of a department and therefore are already included in the F&amp;A rate determination</li> </ul>
<b>Excess salary over the NIH salary cap</b>	<ul style="list-style-type: none"> <li>Federal regulations prohibit charging salary in excess of the NIH cap to a sponsored project as a direct expense.</li> </ul>
<b>Unpaid summer months for faculty and staff with 9-month appointments</b>	<ul style="list-style-type: none"> <li>Federal regulations prohibit this as a cost sharing item. An individual's 100% UWO effort consists of the activities for which the individual is compensated by the University (academic year contract). Unpaid summer months are outside of an individual's 100% UWO effort, and therefore cannot be allocated or committed to a sponsored project as cost-shared effort</li> <li>Contact your OSP if you are submitting a non-federal proposal. In certain circumstances a PI may seek approval to cost share unpaid summer effort if they obtain direct, documented approval from their Department Chair and Dean during the internal review process (prior to grant proposal submission to the sponsor).</li> </ul>

*Table IV. Special instances in cost sharing*

Type	Special Instances
<b>Subrecipient cost sharing</b>	<ul style="list-style-type: none"> <li>Subrecipient cost sharing is desirable in that a third-party provides the contribution and therefore no UWO support is required.</li> <li>However, the UWO financial systems do not contain evidence of the financial transactions and yet UWO is required to confirm the fulfillment of the commitment. This results in an administrative burden to UWO. In addition, if the subrecipient fails to fulfill their commitment, UWO would be responsible for meeting that commitment as prime awardee.</li> <li>Discuss with OSP for options</li> </ul>

## 6. Sources of Funding for Cost Sharing

- a. Each cost shared expense must have an identified source. For example, if an investigator intends to include a portion of their academic-year salary as cost sharing, they must identify a funding source that covers the cost of the expense. Generally, funding sources include institutional support or third-party contributions. Approval is required from the investigator's Dean/Director (the college that owns the funding source).
- b. Third party cash support may include gifts from the Titan Alumni Foundation and other organizations and individuals (233 fund), and other external sources.
- c. In certain circumstances, funds from a non-federal sponsored project (fund 133) may be used to cover cost sharing expenses on another sponsored project. This would depend on the terms and conditions of the existing non-federal project and approval from that sponsor.
- d. Very rarely, when authorized by statute, funds from a federal sponsored project (144 fund) may be used to cover cost sharing on another federally-sponsored project. This will require review of the existing federal project terms and conditions, prior approval by the sponsor of the new federally-sponsored project/proposal, and prior approval of the OSP Director.

## 7. 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.”*

## **8. Tracking Cost Sharing**

If the project is funded, the cost sharing value(s) pledged to the sponsor and approved in the award notice become auditable. The PI is required to keep detailed records on the amount of cost sharing on their award. The PI may wish to contact with assigned Grants Accountant for guidance and templates for tracking cost sharing.

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

[2 CFR 200, Subpart E-Cost Principles](#)

[2 CFR 200, Subpart D-Post Federal Award Requirements](#)

[OMB Uniform Guidance 2 CRF 200.306](#)

[OMB Memorandum M-01-06](#): “Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs”

## **V. Templates/Forms**

## **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; September 30, 2020; December 15, 2020; April 23, 2021; September 2, 2021