

Frequently Asked Questions about Cost Share

1. What is cost share?

According to OMB Circular A-110 Cost share is defined as follows: “**Cost sharing or matching** means that portion of project or program costs not borne by the Federal Government.” These can include costs borne by Indiana State University or a 3rd party, in addition to funding received from another agency.

Costs can only be used as cost share once for a project. In other words, you cannot use the same cost as cost share on two different projects. In general Federal funds cannot be used to match other federal funds.

There are three types of cost share:

- i. Mandatory Cost share – required by the terms of the project
- ii. Voluntary Cost share – committed in budget but not required by the terms of the project
- iii. Institutional Cost Share – i.e. research time of faculty dedicated to the project.

OGC is now tracking voluntary cost share for the Vice President of Business Affairs.

2. What can be used as cost share?

Cost share is the allowable costs that are incurred by the grantee(s) or the value of third-party in-kind contributions.

Salaries and benefits can be used as cost share, including buyout of faculty time, student time, and graduate or undergraduates. Administrative and clerical staff salaries are generally not allowable inclusions because they are considered part of the F&A rate. Volunteer time, while usable as cost share, is discouraged because of the difficulty to track and audit. There must be a clear separation of cost shared time and paid time on a project.

Graduate or undergraduate tuition, if supplied by the grantee, can also be used as cost share. Supplies, travel, and equipment (only the value used during the life of the project or for sharing the costs of the purchase of a new piece of equipment) when provided by the grantee are generally also allowable cost shares.

Space is generally not an allowable cost share.

3. **How much cost share is needed?**

It is very important to read your guidelines carefully to determine the amount of cost share needed for a project. Some guidelines use terminology such as a 1-to-2 match or it may be expressed as a percentage. The percentages could be stated in terms of a portion of the request, or they may be stated in terms of a portion of the total project cost.

Some examples:

- i. This grant opportunity requires a 1-to-1 match.

Request amount = \$100,000

Cost share required = \$100,000

- ii. This grant opportunity requires a match equal to 50% of the amount requested.

Request amount = \$100,000

Cost share required = \$ 50,000

- iii. This grant opportunity requires a match equal to 50% of the total project costs.

Request amount = \$100,000

Cost share required = \$100,000

4. **Why not provide cost share when it is not required?**

As a rule ISU doesn't allow cost share unless it is required by the sponsor. As part of our federally negotiated indirect rate, we are required to show the amount of cost share our university has committed that was not required. In the calculation of our new indirect rate, the Federal government considers cost share that was not required a give-away. If the university can afford to simply give away funds, then the current indirect rate may be too high. Therefore, it is possible that the Federal government will lower our already low indirect rate even further.

5. What kind of documentation is required prior to submitting a proposal?

All university cost share necessitates a signature on page three of the routing form. These signature lines also require the cost share amount to be stated explicitly along with the account designation from which the funds will be drawn. This is true for cash based cost share as well as in-kind cost share.

Any cost share from a third party requires a letter from an authorized official from the third party committing the cost share, providing a description of the cost share, and providing the dollar amount.

Both requirements need to be fulfilled prior to obtaining final signatures from OSP and the grant proposal being sent to the sponsor.

6. What documentation is needed when reporting cost share dollars spent on agency reports?

Expenses must be traceable within the accounting system. The Office of Grants and Contracts (OGC) will set up a cost share index for use in spending and tracking the cost share funds such as supplies, travel and equipment. OGC will transfer the funds from those indexes that are funding the cost share. The PI must provide signed effort certification forms from those individuals who are cost sharing their time on a project (See attached forms). The Certification of Contributed Time and Effort forms for both ISU and third parties are available on the OGC web site. OGC verifies in Accounts Receivable records that the fee waivers for tuition have been applied to the specific students the PI identifies as part of the cost share.