



Executive Owner: President, VP or Provost  
Dept/Unit Owner: Office of Sponsored Programs  
Heather Arnold  
Grants Administrator and Compliance Officer  
603-535-3233  
Required Prerequisites: N/A; Faculty Approval  
Established Date: 02/24/2020  
Revised Date: 03/05/2020

## SPP 03052020 Cost Sharing Policy

### Purpose:

To share project costs based on sponsor-imposed amounts or percentages.

### Policy:

Cost Sharing means that the University contributes a portion of the project costs required to perform the scope of work. Plymouth State University limits cost sharing to sponsor imposed amounts or percentages. If cost sharing is not required by a sponsor, generally the Office of Sponsored Programs (OSP) will not allow cost sharing in the budget for the project. In certain cases, cost sharing will be allowed when justification demonstrates a clear necessity for receiving project funding and carrying out the scope of work. All cost sharing must be included in the project budget and approved through the Internal Review Approval process prior to proposal submission.

### Cost Share Criteria

The federal Uniform Guidance ([2 CFR 200.306](#)) states that: "For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- Are verifiable from the non-Federal entity's records;
- Are not included as contributions for any other Federal award;
- Are necessary and reasonable for accomplishment of project or program objectives;
- Are allowable under Subpart E—Cost Principles of this part;
- Are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- Are provided for in the approved budget when required by the Federal awarding agency; and
- Conform to other provisions of this part, as applicable.

Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been to the Federal award under the non-Federal entity's approved negotiated indirect cost rate."

Proposed cost sharing becomes a binding commitment once an award is made. Failure to fulfill the cost-sharing obligation at the level proposed results in the reduction of the amount of the sponsor's award. The PI/PD and Cluster/Unit that pledges cost sharing is responsible for identifying and providing the resources for committed cost share.

### University Cost Sharing- Direct/Cash and Indirect

PSU may share in any of the project costs as allowed by relevant policies. The most common form of cost sharing is in the form of personnel effort as salaries and wages, plus associated fringe benefits. The University also pays the F&A costs associated with the direct costs it contributes. University cost sharing sometimes takes the form of sharing a portion of the F&A costs associated with sponsor funded direct costs. If a sponsor, as a matter of formally adopted and

written policy applicable to all grantees, does not reimburse the full F&A costs, the portion not recovered will be shown on the PSU budget template for audit purposes, but may only be included on sponsor budgets when allowable by the sponsor. If in doubt about cost sharing of F&A costs for your proposal, consult OSP. Other direct costs may be cost shared as well, but keep in mind that these typically represent cash contributions for which the funds may be secured (available) during the period of performance of the proposed project.

It's important to understand that cost share committed in the form of personnel effort/salary is not just "on paper" but dedicates that amount of time solely to the grant. If a course release is granted, a faculty is not eligible for any overload during the same time period. It is not acceptable to justify evenings and weekends as cost shared time.

### Third-Party and In-Kind Cost Sharing

Third Party cost sharing by non PSU organizations will normally be acceptable as allowed by University, federal, and sponsor policies, and may be included in proposals when the third party has provided a commitment letter detailing the nature and value of the funds available, and the time period over which they are available (must coincide with project period of performance). Cost sharing may be from other third-party contributors or in-kind match from sub-recipients. Since third-party and in-kind expenses are not recorded in the University's general ledger financials, the contributors will typically provide OSP with a Statement of Expenditures indicating how much they have contributed. Principal investigators and/or project directors should work closely with their collaborators so that they can submit their expense reports to the University at intervals that coincide with the University's reporting requirements.

The Statement should include, at a minimum, the following information:

- A description of the goods or services contributed
- The value of the goods or services
- The period (date) that the contribution was made

All statements of expenditures provided by the third-party contributors should be forwarded to the OSP financial administrator who will include the contributions on the financial report as cost sharing. Copies of the statements that third parties provide will be kept in the project file and are considered official University records.

Matching Funds represent a form of required cost sharing at a significant level, for example, two Federal dollars to one non-Federal dollar or one Federal dollar to one non-Federal dollar. Uniform Guidance describes how to establish the value of non-cash contributions, such as:

The cost shared value of volunteers should be consistent with what PSU pays for similar work. When the required skills have no comparator within PSU, rates must be consistent with those paid for similar work in the New Hampshire labor market and can be estimated using resources such as Independent Sector. <https://independentsector.org/>

The estimated value of donated equipment for which title passes to PSU may differ according to the purpose of the federal award. If the purpose of the award is to assist in the acquisition of equipment the total value of the donated equipment may be claimed as cost sharing; however, if the purpose of the award is to support activities that require the use of the equipment, normally only depreciation or established and documented use charges for equipment may be claimed, such as those included in a University approved fee based service center.

### Managing Cost Sharing During the Award

- Cost sharing ordinarily should be expended at the same rate as the sponsored funds.
- Cost sharing should be monitored/documented/recorded throughout the duration of the project to make sure the proposed obligation is being fulfilled.
- Cost shared salaries must be charged to the project's cost sharing fund, as budgeted, to be allowable as cost sharing.
- The PI/PD is responsible for communicating cost shared effort of personnel to the Office of Sponsored Programs.
- Documentation of all cost sharing not documented in the cost-sharing fund (third party) must be maintained by the PI/PD.

**Procedures and Forms:** \*Links still needed\*