



SPA Cost Share Procedure Appendix A: Frequently Asked Questions and Tips

Q1: What is cost sharing?

A1: Cost sharing is defined in the Uniform Guidance (2 CFR 200) as “all contributions, including cash and third party in-kind which meet seven criteria

- Verifiable;
- Not included as contributions for any other federally-assisted project or program;
- Necessary and reasonable for accomplishment of objectives;
- Allowable;
- Not paid by the Federal Government under another award (except where authorized by statute);
- Provided for in the approved budget when required by the federal awarding agency;
- Conforms to other Circular provisions.

Cost sharing can be mandatory, i.e. required by the sponsor as a condition of the award, either due to laws passed by Congress or agency program guidelines.

Cost sharing can also be voluntary, which most often occurs when a university offers to share in the total project costs in order to make the proposal more competitive. If a proposal that includes cost sharing is awarded, the cost sharing becomes a requirement of that award and is termed *voluntary committed cost sharing*. Some agencies or specific proposal guidelines prohibit proposals that include voluntary committed cost sharing (i.e. NSF).

Q2: How is a mandatory cost sharing commitment met?

A2: Cost share must be met in the same way it has been proposed/awarded.

Q3: Which expenditures are allowable for cost sharing?

A3. Cost sharing expenditures must satisfy all of the following criteria:

- Are necessary and reasonable for proper and efficient accomplishment of project objectives.
- Are allowable, allocable, reasonable, and consistently treated under applicable federal costs principles.
- Are incurred during the effective dates of the grant or during the pre-award phase when authorized by the sponsor.
- Are verifiable from the official University records.
- Are not included as contributions to any other federally assisted project.
- Are not paid by the Federal Government under another award, except where authorized by federal statute.
- Unrecovered indirect costs may be included as part of cost sharing with the prior approval of the Federal awarding agency.

Q4: What costs are not acceptable as cost sharing?

A4: The following costs may not be proposed as cost sharing:

- Using funds from one project (regardless of whether the sponsor is federal or non-federal) to meet a cost sharing obligation of another without written approval from both sponsors, unless it is allowable by the terms of a non-federal agreement.
- Costs that are unallowable under the terms of the agreement and sponsoring agency.
- Unrecovered F&A unless specifically proposed or approved by the sponsor.



Q5: What happens if there is a change in the amount of cost share after the award setup?

A5: If there is a change in the amount of either mandatory or voluntary committed cost share, a revised cost share addendum is required in most cases.

- Unit Administrator will need to communicate the change to SPA Research Administrator and SPA Financial Analyst.
- A request for approval will need to be submitted to the awarding agency.
- Cost sharing reduction cannot be approved without a reduction in overall award. We may need to refund the sponsor or the department would have to explain how they are planning to secure additional cost share to finish the project.

Q6: Can I include costs incurred outside of the proposed project start and end dates as cost-sharing?

A6: No, expenses must be incurred during the project start and end dates, including any cost-sharing. Do not include expenses that will be incurred outside of these dates as cost-share.

Q7: I am applying to a program that requires 1:1 cost-sharing (i.e., UVM must provide \$1 for every \$1 of sponsor funds). I want to provide 2:1 cost-sharing. Is this acceptable?

A7: It is up to the PI and the Unit to decide how much cost-sharing is acceptable. However, the SPA recommends meeting the minimum 1:1 cost-share requirement. Most sponsors require applicants to meet only the minimum match requirements, and they usually do not award “competitive preference” points during the review process for exceeding the required match amount.

Q8: Can other federal grant funds be used as a source of cost sharing on a federal grant?

A8: No, federal dollars cannot be used to cost share on a federal grant proposal, 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. Also, note that federal funds that “pass-through” another state agency are still considered federal funds and cannot be used for cost share.

Q9: What happens if I cannot meet my cost sharing commitment as originally expected/proposed?

A9: If the project includes a requirement for cost sharing, it is important that the account is monitored closely to ensure that the PI meets those requirements. If there is a concern that the PI will be unable to meet the committed amount, it is essential that the sponsor is contacted as soon as possible to request approval for a budget modification or an amendment to the award. The SPA Research Administrator should be involved in this communication. If you have not met the cost sharing requirements, and the sponsor is unwilling to renegotiate the amount, it is likely that the funds provided by the sponsor will be reduced by the percentage the shortfall represents. Not meeting the cost-sharing requirement puts the project at risk of being deemed non-compliant by the sponsor and may require the University to have to return the funding. Every effort should be made to meet the obligated amount using start up/discretionary funds, unrestricted monies, and/or any appropriate non-federal grants.

Q10: What if the cost sharing commitment is a percent of effort for an individual(s)?

A10: Projection of total effort for the individual(s) should be calculated to make sure the cost sharing commitment is met.



- If the percent of the effort is not projected to meet the required commitment, additional allocable effort or additional allocable charges must be expended to assure the commitment is met.

Q11: What if the cost sharing commitment is a percent of sponsor dollars awarded (i.e. one to one match; 25% of sponsor budget)?

A11: Projection of the total sponsor expenditures should be calculated to make sure the cost sharing commitment is met.

- If the projection **does not** meet the required commitment, additional **allocable** effort or charges must be expended to assure the commitment is met.

Q12: Who do I contact if I have questions related to cost-sharing on a proposal?

A12: Contact your SPA RA to discuss cost-sharing in a proposal.