Arizona State University

Cost Sharing Considerations
Best Practices and Resources

Cost sharing[1] commitments are dedicated institutional investments that either Arizona State University (ASU) is quantifying within a proposal or that the sponsor requires to be included, as identified in the funding announcement, or both. These cost sharing commitments are costs not paid for by the sponsor but rather are covered by ASU and/or third parties.

ASU's Policy on Cost Sharing

Objective

ASU's objective is to maximize sponsor cost reimbursement to support continued growth of the research enterprise. By minimizing cost sharing when not required, ASU:

- Is able to make more money available to fund cost sharing where it is required to be a viable proposal;
- Reduces the time faculty and administrators must spend on tracking and documenting cost sharing;
- Lessens the university's exposure to audit findings caused by insufficient or improperly documented cost sharing; and
- Curtails impacts on ASU's facilities and administrative rates.

Cost Sharing versus Institutional Commitment

Institutional commitment refers to the resources or support an institution agrees to provide for a project. However, this commitment crosses into cost sharing when it becomes quantifiable and trackable. For example, a statement like "We will provide graduate students to support this project" remains a general commitment until specific numbers or percentages are attached, such as "3 graduate students will dedicate 50% of their time." Once quantified, this commitment becomes cost sharing, which brings with it the obligation to track, document, and report these resources as part of the project's financial responsibilities. Furthermore, this increases the administrative impact of the project, as administrators will need to support tracking efforts. When writing your proposal, keep the following in mind:

1. **Avoid Quantifiable Language:** Broad commitments like "providing staff support" are not cost sharing. But once you specify in a way that can be quantified, such as "assigning 20% of a staff member's time," "will be providing $3,500 in materials and supplies cost," or "adding one full-time post doc," it becomes cost sharing.
2. **Implicate 'Leverage' Carefully:** When you claim to leverage institutional resources in a proposal, ensure that you're not inadvertently committing to cost sharing. Clarify what resources will be leveraged and how, to avoid unintentional obligations.

[1] Similar terms for cost sharing include 'institutional commitment', and 'matching costs.'

Mandatory versus Voluntary Cost Sharing

- **Mandatory** cost sharing is required by the sponsor either as a stated proposal requirement or as a condition of obtaining an award.
- **Voluntary** cost sharing represents resources offered when there is no requirement in the sponsor's funding announcement. ASU strongly discourages voluntary cost sharing. If it is unclear if cost sharing is mandatory, RA will contact the assigned Proposal GCO.

Considerations

Cost sharing adds complexity to a proposal, which can increase processing times in each stage of the sponsored project process. KE recommends that ADRs review potential funding sources for cost sharing to review department and investigator sources for cost sharing commitments. If interested in KE support, a request needs to be submitted 15 business days before the sponsor proposal deadline.

Cost Share Categories

- **Contributed effort:** Contributed effort is the most common type of cost sharing. It is committing state or locally funded effort (salary, wages, and ERE) to a sponsored project. Contributed effort represents the percentage of the personnel time committed to a sponsored project. Documentation of effort is the percentage of the total time worked, not hours worked. Working more than 40 hours per week will not increase the effort above 100 percent.
- **Other direct project costs:** Technical Services, ERE, travel, lab supplies, tuition, services and other direct costs may be cost shared when reasonable, allowable, and allocable under 2 CFR 200 (Uniform Guidance) and sponsor regulations.
- **Unrecovered F&A:** When a sponsor limits recovery of full facilities and administrative costs, the foregone recovery may be budgeted in the proposal as cost sharing unless explicitly prohibited by sponsor guidelines.
- **Third party cost sharing:** Time and effort, goods, services, and the associated third party F&A. Caution: if the third party defaults on the commitment, then the Principal Investigator will be responsible for meeting the cost sharing obligation.

Funding Sources

- **Investigator incentive awards:** A percentage of the facilities and administrative costs recovered from sponsors that is returned to the Investigator(s) on the project in support of their research and to develop additional research opportunities. For additional information see investigator incentive award.
- **Local accounts:** Unit-managed accounts (e.g., Program accounts). These accounts typically have very few restrictions and funds may be used to fund cost share if the unit approves (based on the purpose of the account and any other commitments).
- **Program income accounts:** Income earned by ASU that is directly generated by a supported activity or earned as a result of the award. For additional information see program income.
- **Research incentive distribution:** A percentage of the facilities and administrative costs recovered from sponsors by ASU that is returned to the responsible college and Provost-

approved ABOR centers as an incentive to do research. For additional information about RID, please see research incentive distributions.

- **State accounts:** State appropriations to ASU for general operating expenses, including salary and wages plus associated ERE (fringe benefits).
- **Technology and research incentive funds:** Funds that further the direct costs of research, access to education, and other programs.
- **Third party contributions:** Time and effort, goods, services, and the associated third party F&A. Third parties are organizations/individuals such as subrecipients, industry partners and volunteers

Sponsor Cost Share Commitments

Sponsors ask for different cost share commitments. **Table 1** summarizes ASU's top 5 federal sponsors and their standard cost share requirements. **Table II** summarizes the top 5 ASU federal sponsors that often require cost sharing.

Table I.

Sponsor	Standard Requirement
National Institute of Health (NIH)[3]	Not typical
National Science Foundation (NSF)	Not typical; usually not allowed
National Aeronautics and Space Administration (NASA)	~50%
Department of Defense (DoD)	Not typical
Department of Education (DOEd)	20-50%

Table II.

Sponsor	Standard Requirement
Department of Energy (DOE)	20%+
Department of Education (DOEd)	20%+
United States Agency for International Development (USAID)	10%+
Department of Transportation (DOT)	20%+
AmeriCorps[2]	24%+

[2] Americorps is an example of incremental cost share commitments. Their guidelines state, "Increases incrementally every three years. For first-time successful applicants, the match is 24% for the first three years. In year four, the match requirement increases to 30%, and continues to increase until it reaches 50% by year ten."

[3] Most sponsors include language about their expectations re: cost sharing. The NIH states, "Despite popular myth, proposing a cost-sharing (matching) arrangement where you only request that NIH support some of the funding while your organization funds the remainder does not normally impact the evaluation of your proposal. Only a few select programs require cost-sharing, and these programs will address cost-sharing in the funding opportunity."

Timeline for PIs

Phase 1: Proposal Development

01. Identify Requirements

- Review the funding announcement for mandatory cost-sharing requirements.
- Prepare a budget with the Research Administrator (RA) for total project costs, including cost sharing.

02. Secure Initial Commitments

- Utilize state-funded effort/ERE and any allowable unrecovered F&A as the first sources.
- Determine if additional funds are required from investigator-controlled funds or third-party contributions.

Phase 2: Pre-Award

03. Finalize Commitments

- At least 15 business days before the sponsor deadline, finalize all commitments with chairs, directors, or deans.
- Ensure any third-party contributions are documented.

04. Complete and Submit Forms

- At least 15 business days before the sponsor deadline, submit the KE Cash Cost Share Contribution Request Form (if applicable).

Phase 3: Post-Award

05. Review and Setup

- Within 30 days of the award activation, review the award notice to ensure that the cost-sharing commitments align with what was proposed and awarded.
- Notify RA/AMT of any discrepancies
- Develop a monitoring plan

06. Monitor Commitments

- During the project, make time to systematically review the status of cost-sharing commitments against the project's progress.

07. Close Out the Award

- Ensure that all documentation is accurate, complete, and submitted, as it will be subject to audit.
- Work with the RA to finalize any remaining contributions and close out the cost-sharing accounts.

Additional Resources

For additional information on cost sharing, consult the following ASU resources:

Cost Sharing Basics | Roles and Responsibilities | Identify Sources | Secure Commitments | Manage Commitments | Document Expenses | Supporting Materials