

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Cost Sharing or Matching

1. Ref.: [2 CFR Part 200.306](#); [Subpart E](#)

2. Effective Date: July 1, 2015

3. Originating Office/Agency: Office of Management and Budget

4. Key Words: Cost sharing; matching; third party; verifiable; allowable; comparable; market value

Scope

This document provides guidance on the contribution of cost sharing or matching (hereafter “cost sharing”) to a Federal award. Under [Part 200.306](#) of the Uniform Guidance, cost sharing may be considered in award decisions if it is both in accordance with Federal agency regulations and specified in the notice of funding opportunity or request for proposals. The criteria for the consideration of cost sharing as an award factor must be explicitly described by the agency in its funding announcement.

In many cases cost sharing is not required or expected. For Federal research proposals, cost sharing is neither expected nor can it be used as a factor in the merit review of the proposal. Additionally, it is the university’s practice not to contribute cost sharing to a Federal award unless it is required by the agency or needed to establish and validate institutional commitment to a Federal program. This is because cost sharing is auditable and accounting for and verifying cost sharing adds to the administrative and reporting burden for both Project Directors or Principal Investigators and the Office of Grant and Research Development (OGRD).

When cost sharing is obligated to a Federal program, in the form of in-kind contributions, cash, and/or third-party donations, it must meet the following criteria:

- Is verifiable from the university’s records;
- Is not included as a contribution for any other Federal award;
- Is necessary and reasonable for accomplishment of project or program objectives;
- Is allowable under the Cost Principles ([Subpart E](#)) of the Uniform Guidance;
- Is not paid by the Federal Government under another Federal award, except when federal statutes allow for Federal funds to be applied to cost sharing requirements; and
- Is provided for in the approved budget of the Federal award.

Requirements

The following requirements must be met in order for contributed resources to be legitimate forms of cost sharing:

- Be allowable and valued in accordance with the Cost Principles in [Subpart E](#) (this includes compliance with [Part 200.430](#) Compensation-personal services and [Part 200.431](#) Compensation-fringe benefits);

- Not include costs that are otherwise unallowable under the Federal award or budget;
- Using unrecovered indirect costs or administrative costs only with the prior approval of the Federal awarding agency;
- Using volunteer services from third-party professional/technical personnel, consultants, or un-skilled labor only if they are an integral and necessary part of an approved Federal program;
- Rates for third-party volunteer services are consistent with those paid for similar work by the university or in instances where the required skills are not found at the university, consistent with rates paid in the labor market in which the university competes for the kind of services involved;
- Using fringe benefits for third-party volunteer services only if they are reasonable, necessary, allocable, and otherwise allowable;
- When a third-party organization furnishes the services of an employee, the value of such services must be at the employee's regular rate and may include fringe benefits consistent with the above section;
- Include indirect costs from the third-party organization only if it has an approved Federally negotiated indirect cost rate or rate in accordance with [Part 200.414](#);
- Using donated property only if the value assessed is consistent with the fair market value of the property at the time of donation;
- Using the value of donated space only if it is consistent with the fair rental value of comparable space; and
- Using the value of loaned equipment only if it is consistent with the fair rental value of comparable equipment.

Documentation and Reporting

Verifiable documentation of cost sharing obligated to a Federal award and its timely submission to the OGRD are the responsibility of the Project Director or Principal Investigator and must be properly carried out for cost accounting purposes. This also includes documentation from collaborating partners who contribute goods, services, or equipment to a Federal program. Cost sharing should be recorded and reviewed on at least a monthly basis – the Project Director/Principal Investigator should not wait until the project is ending to start gathering the required supporting documentation. Cost sharing forms and further guidance on developing methods and systems to support and report cost sharing may be obtained from the post-award staff person in the OGRD assigned to monitor the Federal award.

Faculty and staff contributing time to a Federal award need to keep a daily record of the time they contribute unless a consistent and actual percentage of time is being paid by the non-Federal funds of the university for work on a Federal program and is documented on the employee's payroll action form (PAF). It is also prudent for faculty contributing time to a Federal program to include this effort in the research/service activities of their academic year, faculty work plan to further validate their contributed time. Faculty and staff who commit time to a Federal program are subject to Level of Effort Reporting required under Uniform Guidance ([Part 200.430](#)) and their time will be recorded on a Personnel Activity Report. Project Directors/Principal Investigators are encouraged to review the companion document on level of effort reporting and certification to further understand this requirement.

If student time paid from non-Federal sources is used as match, copies of their time sheets may be used as documentation of time worked. Student volunteer time may be used to satisfy cost sharing subject to the provisions identified above, however, the Project

Director/Principal Investigator needs to develop a system whereby student volunteers authenticate their time spent on the Federal program.

While the financial reports provided by the university adequately identify the transactions related to the Federal funding, it is the Project Director's/Principal Investigator's responsibility to compile accurate records for in-kind contributions and expenses paid by other sources of funding consistent with the information contained in the university's financial system. This is because records showing the value of donations or contributed costs are subject to audit to the same degree as Federal funds expended. Copies of cost sharing documentation must be submitted to the OGRD as part of the financial reporting and close out process for the Federal award.