COST SHARING ON GRANT AWARDS POLICY
Category: Sponsored Programs / Office of Grants and Contracts
Policy Number: [To be assigned]
Policy Manager: Office of Sponsored Research and Programs
Current Revision Approval Date: [To be entered by OIIC]
Next Review Date: [To be entered by OIIC]

PURPOSE
The purpose of this Policy is to establish guidelines for the identification, approval, documentation, accounting, and reporting of cost sharing on sponsored projects, in accordance with institutional priorities, sponsor requirements, and federal regulations, including 2 CFR 200.306.

TARGET AUDIENCE
This policy applies to all faculty and staff involved in the development, submission, and management of sponsored projects that include cost sharing—whether federally or non-federally funded.

AUTHORITY
2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

DEFINITIONS

- **Cost Sharing (or Matching):** The portion of total project costs not paid by the sponsor and contributed by the institution or third parties. These costs may include salaries, fringe benefits, equipment, or other eligible resources, and must follow the same rules as sponsor-funded costs.
- **Mandatory Cost Sharing:** Cost sharing required by the sponsor as a condition of the award. It must be included in the proposal and award budget and is subject to documentation and reporting.
- **Unrecovered Indirect Costs:** The difference between the institution's federally negotiated indirect cost rate and the rate applied to the project. These costs may be used as cost sharing with sponsor approval.
- **Voluntary Committed Cost Sharing:** Cost sharing not required by the sponsor but offered by the institution in the proposal. Once included in the award, it becomes a binding commitment and must be tracked and reported.
- **Voluntary Uncommitted Cost Sharing:** Faculty effort or resources provided above what is committed in the proposal and not included in the budget or budget justification. It is not subject to tracking or reporting.

STATEMENT
Virginia State University (VSU) will only commit to cost sharing when it is required by the sponsor or is in the strategic interest of the institution. All cost sharing commitments must be pre-approved, documented, and monitored according to federal regulations and institutional procedures.
Any cost sharing, whether mandatory or voluntary committed, offered in a proposal becomes a binding obligation of the University if the proposal is funded. Principal Investigators (PIs) do not have authority to unilaterally commit institutional cost sharing. All such commitments must be approved through the "Pre-Award Request for Institutional Support (Cost Sharing)" form prior to proposal submission.
Cost sharing should be kept to a minimum due to its financial impact and administrative burden.
Committed cost sharing must be tracked separately in the general ledger and will be included in the Facilities & Administrative (F&A) rate calculation base.

ALLOWABLE COST SHARING CRITERIA
To be accepted as cost sharing, contributions must be:

- Necessary and reasonable to accomplish the project
- Allowable under federal cost principles
- Provided for in the approved budget
- Verifiable from institutional records
- Not used as match for another federal award
- Not paid by another federal source (unless permitted by law)
- Not in excess of regulatory caps (e.g., NIH salary cap)

PREFERRED SOURCES OF COST SHARING
VSU prioritizes the following sources when cost sharing is required:

- Unrecovered F&A (with sponsor approval)
- Direct labor and associated fringe benefits
- Third-party in-kind contributions (if allowed by sponsor)
- Purchase cost of new equipment acquired specifically for the project

Note: Space, facilities, and existing equipment are generally considered indirect costs and may not be used as direct cost sharing.

ROLES AND RESPONSIBILITIES
Principal Investigators (PI/PDs):

- Identify required cost sharing in sponsor guidelines
- Secure approval using the "Pre-Award Request for Institutional Support (Cost Sharing)" form
- Accurately reflect cost sharing in the proposal and budget
- Ensure that cost shared expenses are recorded to the appropriate account
- Collaborate with OSRP and departmental staff to meet reporting requirements

Department Chairs/Deans:

- Review and approve proposed cost sharing commitments
- Ensure availability of department/unit resources to meet commitments
- Support documentation and compliance efforts post-award

Office of Sponsored Research and Programs (OSRP):

- Review proposals to ensure cost sharing aligns with sponsor guidelines
- Maintain documentation of cost sharing approvals
- Coordinate with PI/PD and Finance to establish cost sharing accounts
- Track, verify, and report cost sharing commitments during and at project closeout

Finance/Grants Accounting:

- Establish and maintain cost share accounts in the financial system
- Monitor expenditures and reconcile as required
- Assist OSRP with reporting and audit preparation

RELATED PROCEDURES
To review procedures that correspond with this pollicy , please see **…**

RELATED MATERIALS/REFERENCES

- 2 CFR 200.306 – Cost Sharing or Matching