

**University of Rhode Island  
Office of the Controller**

**Cost Sharing on Sponsored Projects Policy  
Policy #97-01**

Issued: December 1998  
Effective: July 1999  
Revised: December 2014

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- I. **Purpose:** To provide a policy on when cost sharing on sponsored agreements is permitted and how cost sharing is to be accounted for by the institution, in accordance with Uniform Guidance 200.306 Cost Sharing or Matching.
- II. **Applicability:** This policy applies to all federal and non-federal sponsored agreements (grants, contracts, and other agreements).
- III. **Responsibility:** The Controller's office is responsible for the administration of this policy, revisions, education of the community and timely process of adjustments.
- IV. **Policy:** Uniform Guidance 200.29 - Cost sharing or matching, states "cost sharing or matching means the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute). Uniform Guidance 200.306 Cost Sharing or Matching (a) states "under Federal research proposals, voluntary committed cost sharing is not expected unless explicitly described in the notice of funding opportunity".

Therefore, the policy of the University is to assume a cost sharing commitment only when required by the sponsor and only cost share the amount required. Cost sharing must be handled in a consistent and uniform manner in the proposal, the accounting of the expenses, and, where required, in the financial reports to sponsors. Since the principal cost-sharing source is faculty effort, caution must be used to be sure that workload implications (i.e., employees cannot exceed 100%) are understood when making commitments.

- V. **Definition:** Cost sharing is the University or third party contribution to the costs of a project either required by an agency as part of the terms of that project. Regardless of how it originates, cost sharing represents a University or third party commitment to provide resources to a sponsored project.

**VI. Requirements:**

All cost sharing must be shown in the proposal budget, approved by the appropriate University official(s), accounted for, and reported in a consistent manner as required by Federal administrative requirements and cost principles.

Cost sharing in the form of faculty or staff effort must be quantified and be realistic. In determining the appropriate level of cost shared effort, principal investigators should consider the following:

1. The agency requirement for cost sharing
2. The percentage of time spent on other sponsored projects
3. The amount of effort spent on other functions such as teaching, administration, extensions service, etc.
4. The size of the project
5. Whether the project involves co-principal investigators

Once the University accepts the award, failure to comply with the cost sharing commitment may result in a loss or return of project funds to the funding agency and jeopardize future funding. Any disallowance will be charged to the department/dean's overhead account, with the dean and the college sustaining the ultimate financial responsibility.

**VII. Allowable Cost Sharing:**

- A. All cost sharing contributions for federally sponsored agreements must meet the following criteria:
  1. Be verifiable from the University's records
  2. Not be included as contributions for any other federally assisted project or program
  3. Be necessary and reasonable for proper and efficient accomplishment of project or program objectives
  4. Be allowable under the applicable cost principles
  5. Not be paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching
  6. Included in the approved budget when required by the Federal awarding agency
- B. Waived or reduced indirect cost may be included as cost sharing only if it is included, identified, and accepted in the proposal or with specific prior approval of the awarding agency when required. Waived or unrecovered indirect cost means the difference between the amount charged to the award and the amount which could have been charged to the award under the University's approved negotiated indirect cost rate.

**NOTE:** The Vice-President for Research and Economic Development is responsible for **approving** F&A rates to any sponsored project which is less than the University's federally negotiated rate.

- C. Values for non-Federal entity contributions of services and property must be established in accordance with Uniform Guidance 200.434 Contributions and donations.

**VIII. Types of Cost Sharing:**

All types of cost sharing must be included in the approved budget. Cost sharing may consist of direct cost and the associated indirect costs and is normally in the form of faculty or staff effort. Waived F&A, tuition differential, tuition remission can also be a type of cost sharing. Third party cost sharing may be used. (Note: URI cannot apply its approved F&A rate onto the 3rd party cost share).