ISU Policy on Cost Share for Sponsored Programs

Mandatory Cost Share

Several federal and state agencies, foundations and organizations require cost sharing on projects they sponsor. These agencies will not consider proposals that do not meet mandatory cost share requirements. Usually, when a sponsor requires cost sharing, they will specify the amount or percentage to be contributed by the university, often with the additional explanation “no more and no less” (e.g. NSF).

University cost sharing implies the redistribution of institutional resources to support a specific sponsored project. Hence, PIs and the university need to consider carefully if a project that requires cost sharing is in their best interest.

It should be noted that university cost sharing expenditures can have a negative effect on the university’s facilities and administrative (F&A) cost rate. Cost shared expenses are considered a part of the organized research base when calculating and negotiating F&A rates with the federal government. As a result, the university's F&A rates are reduced and recovery of F&A costs declines. Ultimately, university cost sharing reduces the amount of investigator incentive and other F&A cost distributions returned to the campus.

Voluntary Cost Share

While mandatory cost sharing is required by sponsors and must be included in the proposal, voluntary cost share is not a requirement of the sponsor. Cost share beyond a required amount, if permitted at all by the sponsor, is considered voluntary cost share. When cost share is strongly encouraged according to the sponsor guidelines such cost sharing is still considered voluntary cost share. Some PIs choose to include voluntary cost share in their proposals in the hopes of enhancing their chance of being funded. However, there is no data supporting the assumption that voluntary cost share increases the probability of being funded.

Guidelines for cost share:

- The VPR strongly discourages PIs from including voluntary cost sharing in proposals. Institutional support from the VPR or Provost will not be provided for voluntary cost sharing requests.
- Contributions to mandatory cost share may come from the PI, the department, the college, a center/institute, the VPR office and third parties.
- All cost sharing commitments from all sources must be allowable costs per sponsor guidelines and must be secured and documented prior to submission of a proposal. No federal or federal-flow through funds can be used as cost share on another sponsored project. Cost sharing provided by third parties must be documented in writing prior to submission of a proposal.
- Requests for institutional cost share support from the VPR that are in addition to PI, department and/or college cost share support should be submitted to the VPR Office.
- Cost sharing of faculty and staff effort must be documented in Section B1 on their EASE (Employee Activity Summary of Effort) form.
• Cost sharing of non-salaried expenditures are documented by providing transaction detail of cost share expenditures to Sponsored Programs Accounting.
• A specific expenditure transaction cannot be used or reported as cost share on more than one federal project.
• Cost sharing must be incurred during the award period.
• Expenditures documented as cost share must be necessary and reasonable to accomplish the objectives of the sponsored project.

Requests should be accompanied with the following information: (1) estimated budget (for all years combined and the budget per year), (2) the IDC revenues that ISU would be expected to receive (for all years combined and the amount of IDC revenues per year), (3) the required amount of cost-share, (4) the names of the PI-s, (5) the salaried home(s) of the PI-s, and the percentage of the PI’s salary paid by each unit, if a PI is paid by multiple units, and (6) a copy of the solicitation (RFP, RFQ/BAA).

- When institutional cost sharing is required, the VPR Office will coordinate contributions from the departments, colleges, centers/institutes, PI incentives, and/or VPR Office, as appropriate. The VPR Office will in most cases, contact the PI to discuss in-kind contributions, and possibly, to look for contributions from other sources.

- If an award is received at a significantly lower amount than what was proposed, the cost sharing contributions will be revised accordingly.
- All cost sharing which is made part of an award to the university must be documented and reported to the sponsor and is subject to audit.

Any questions regarding this Policy on Cost Share for Sponsored Programs should be directed to the Office of the Vice President for Research or the Office of Sponsored Programs Administration at 5-5225 or grants@iastate.edu.