

What Is Cost Sharing?

Cost sharing, or institutional matching, is required, or strongly encouraged, by some funding agencies to qualify for funding or to create a more competitive grant application. This can include additional cash pledged in support of a project if a grant is funded, resources already in place that will support the proposed work, or resources that will be committed to advance a proposed project's activities. Funding agencies that ask for cost sharing to be reflected in a grant proposal generally do so because it can demonstrate institutional support for the project, help to stretch limited grant dollars further to make a project more impactful, and can also indicate a stronger probability of a project's sustainability after grant funding has ended.

While cost sharing is required for some applications, and strongly encouraged for others, the level of merit added to a proposal by including it in a budget varies by funding agency. Some sponsors, like most federal agencies, strictly prohibit the inclusion of cost sharing. If a funding agency does not specify in their grant guidelines whether cost sharing will benefit a proposal during the review process, it is worthwhile checking with the designated program officer or agency contact to determine whether it will affect the review process (and if so, to what extent). In some cases, particularly among federal agencies that do not require it, including voluntary cost sharing will have no effect on the award decision-making process.

When considering **possible sources of cost sharing,** think creatively. While cash investments can be one potential source, they are not the only manner in which you and the institution are likely supporting the project.

Are you or others volunteering time to work on the project without pay? Your time has a value that can count towards cost sharing. Additionally, other items that will be dedicated to the project at no cost to the granting agency can generally be listed as a match. For example, consider the use of space, equipment, supplies, and unreimbursed travel. There may also be existing resources, like major pieces of equipment, which will benefit a project but will not require additional funds to acquire. If a funding agency does not allow indirect/overhead costs, or if they allow a restricted rate below the prescribed university rates, unrecovered indirect/overhead costs may also be a potential source of cost sharing; note that for federal agencies, this type of cost sharing must generally receive prior approval from the funding agency.

As you brainstorm cost sharing sources, keep in mind that funding agencies may have requirements regarding the specific type and amount of matching that may be needed. **Cost sharing falls under one of two categories: cash or in-kind.** Often, funding agencies have guidelines about the type of cost sharing that can be included as an institutional match. The table below distinguishes between cash and in-kind contributions.

As you develop your proposal, keep in mind **all cost sharing will need to be confirmed** by the individuals, departments, divisions, and/or institutions supplying the match. This needs to be specifically itemized and confirmed in writing—e.g., email, letter of support, signature on the grant transmittal form—before a grant is submitted.

Cost Sharing: Cash or In-Kind?

Cash

Includes: Monetary purchases/contributions that will be made to support project activities and/or personnel if the grant is funded

Examples: Compensation paid by a non-grantor source to individuals for their project work, supplies or equipment purchased by a non-grantor source specifically for the proposed project, warranty purchases for equipment acquired with grant funds, fringe benefits paid by an institutional source when the expense is not an allowable grant funding request

In-kind

Includes: Non-monetary contributions to support project activities or resources that support project outcomes and exist regardless of project funding

Examples: Unpaid time volunteered by personnel working on a project, existing supplies or equipment that will be used for the project, fee-free space within which project activities will take place, unrecovered indirect/overhead costs