

Cost-share and Matching Funds

Definitions

For JMU purposes, *cost-sharing* is a contribution, either mandatory (required by statute, regulation or written policy) or voluntary, of cash or services provided by the grantee institution or a third party to the overall costs of a sponsored project. If cost sharing is required by the funding agency, the level and type of contributed support are generally specified in program guidelines or application instructions.

Some federal and non-federal programs require a contribution by the applicant or third-parties to total project costs. This is referred to as *mandatory* cost-share. Certain programs require a percentage of the total project costs in hard dollars as a match, such as 1:1 match on equipment grants. This type of mandatory cost-share is called *matching funds*. (Ex: applicant must provide an amount equal to the sponsor's funds to purchase equipment -- a 50-50 match; or, applicant must provide 20% of total project costs).

Contributions included in a proposal that are not required by the program, sponsor policy, or statute is called *voluntary* cost-share. JMU discourages voluntary cost-share contributions as a matter of principle. Voluntary cost-share has a negative impact on the institution as a whole:

1. scarce institutional resources (cash and in-kind) must be reallocated to a sponsored project; and
2. the University's F&A rate may ultimately be reduced.

Cost-sharing of direct expenses may be considered a part of the research base when calculating the F&A rate and thus inflate the base on which the indirect pool of expenses are allocated, with a resultant reduction in the negotiated rate and recovery by the institution of F&A costs. It is therefore important not to volunteer funds or resources when the sponsor does not require them and when the project can be completed without them.

In-kind contributions can include both JMU and third-party contributions of services or goods; *cash* contributions can come from JMU sources (non-federal) or third-party cash contributions (gifts or grants earmarked for and under control of the PI for use on the project). For example, faculty salaries and benefits plus associated F&A costs equivalent to the time and effort devoted to a project would be in-kind contributions if paid by a department account, but \$500 from a supplies budget dedicated to the project and spent as needed on project activities would be a cash contribution. Matching funds are usually a cash contribution, since they are generally used to purchase a piece of equipment or supplies, construct a facility, or are cash donations to a challenge grant.

Cost-share in Proposals

Principal investigators must include with the JMU Internal Approval Form written documentation - within the proposal itself or separately - describing the kind of cost-share, the source (such as JMU, third-party, or other grant number), and the amount. Both in-kind and cash contributions must be authorized, either by signature on the clearance form, email or letter, by those administratively responsible for the funds. Contributions from collaborating institutions must be similarly documented, with a letter of commitment for any matching funds or cost-sharing.