



# WPI

**Title:** Cost-Sharing for Proposals  
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## Introduction

Cost Share is the portion of a project or program cost not borne by the sponsor. It is WPI's share in the cost of conducting the project/program. Cost sharing may be committed to in a proposal because a sponsor requires it or because the University volunteers to cover a portion of the project costs. Once committed, the value of the cost sharing is a binding obligation to WPI and subject to audit upon award.

## Policy Statement

WPI commits to cost sharing in a proposal only when it is

- 1) required by the written policies of the sponsor or
- 2) required by the specific terms of an award and/or
- 3) in the best interests of the University, e.g., it makes a proposal more competitive

Cost sharing beyond the required minimum is strongly discouraged.

When cost-sharing is committed in a proposal, it shall fulfill all of the following:

- 1) Comply with federal cost principles, federal regulations, and applicable WPI policies and procedures<sup>1</sup>;
- 2) Has been approved by the party responsible for providing the funds, as documented by the PI and verified by OSP
- 3) Will be used exclusively to support the project as proposed
- 4) Will not be used as cost sharing for any other sponsored project
- 5) Will be incurred during the project period
- 6) Will not be paid by the federal government under another award, except when authorized in writing;
- 7) Is provided for in the approved budget as required by the funding agency
- 8) Is not a direct cost that is included in the F&A rate (e.g., costs of lab space; utilities; administrative support)

It is the policy of WPI to reduce the cost share budget proportionately with a reduction in the awarded budget.

## Definitions

Cost Sharing and Matching are terms that are often used interchangeably and identify the financial or in-kind support contributed by WPI (or third parties through the Institute) to sponsored projects.

Committed Cost Sharing is pledged in the proposal budget, budget justification, or proposal narrative whenever a specific dollar amount is stated or can be calculated from information provided in the proposal. There are two types of Committed Cost Sharing:

- a) Mandatory Cost Sharing is required as a condition of the award.
- b) Voluntary Cost Sharing is offered by the recipient when not specifically required by the award.

Voluntary Uncommitted Cost Sharing is incidental support that is over and above what was proposed and agreed upon for the project.

Third-party Cost Sharing refers to any cost share provided by a subrecipient or other collaborating entity.

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<sup>1</sup> Applicable WPI policies and procedures include, but are not limited to, the SPA Cost Share Guidelines (see <https://www.wpi.edu/sites/default/files/inline-image/Cost%20Share%20Guidelines.pdf>)

**Procedure**

- All requests for Cost share from the VPR must go through OSP.
- All Documentation for Cost share must be provided at least business 10 days in advance of the proposal deadline to allow for the necessary approvals
- It is the responsibility of the PI to provide the necessary Documentation to OSP for approvals
- Reduced tuition rates do not apply when there is cost-share in a proposal. This includes cost-share of all or a portion of the IDC. However, this rule does not apply when the reduced IDC rate is mandated by the sponsor. Reduced tuition rates may be used in such cases.

| Cost Share Type  | Who Approves?        |      |         | Who seeks approval |              | Documentation Required At Proposal Stage  |
|--|----------------------|------|---------|--------------------|--------------|---|
|  | Dept. Head(s)        | Dean | OSP/VPR | PI                 | OSP PreAward |   |
| Faculty Salary & Fringe  | x                    |      |         | x                  |              | Email from Department Head(s)   |
| Dept Head Salary and Fringe  |                      | x    |         | x                  |              | Email from Dean (s)   |
| Other WPI Contribution   | x                    | x    | x       | x                  |              | Email or letter from party responsible for cost-share   |
| External third-party cost-share that will be managed through a subaward      |                      |      | x       | x                  |              | Letter from third party describing the contribution and value using WPI Template.                                 |
| External third-party cost-share – no subaward – contributing cost share only |                      |      | x       | x                  |              | Letter from third party describing the contribution and value using WPI Template. <b>Must be approved by AVPR</b> |
| IDC on AY time   |                      |      | x       |                    | x            | Note on PRF   |
| Reduced/waived IDC--voluntary  |                      |      | x       |                    | x            | Email from VPR  |
| Reduced/waived IDC requested/recommended                                     |                      |      | x       |                    | x            | Email from VPR  |
| Tuition as cost share*   |                      |      | x       |                    | x            | Approval by OSP PreAward  |
| Tuition waiver request   |                      |      | x       |                    | x            | Email from VPR  |
| Sponsor Mandated Reduced IDC   | No Approval Required |      |         | N/A                | N/A          | N/A   |

\*This refers to the difference between full and reduced tuition in proposal with cost-share where tuition at the full rate applies (see above under Procedure).

### **Cautionary Guidance for Preparing Proposal**

Cost sharing is normally stated in the budget. However, cost sharing commitments can be stated in the budget explanation or justification or in the text of the narrative. No matter where cost sharing commitments are found within the proposal, statements of cost sharing commitment can be legally binding on the institution should the proposal be funded, even when not required by the sponsor. By using language in proposals that cites percentage of time, salaries, or specific levels of support, PIs can commit to cost sharing, often unintentionally. In all instances where cost sharing is specified and quantified in a federal proposal, the PI and University will be obligated to account for and document these commitments along with funds awarded by the federal sponsor.

The following are “Red Flag” Terms that suggest cost sharing is present. Avoid using these terms unless cost sharing is required by the sponsor)

- Cost sharing
- Sharing
- Matching
- In-kind
- Donate
- Commit % or \$
- Allocate % or \$
- Exclusive Use
- Volunteer
- Support at no cost
- Contribute

## FAQs

### **Do I have to seek cost share approval at WPI for reduced IDC mandated by sponsor?**

No. If reduced IDC is mandated by the sponsor WPI does not require VPR approval at proposal stage however this will be recorded in the accounting system.

### **What are the rules for determining whether a cost can be included as cost-share?**

All costs included in the cost-share budget must be verifiable, allowable, allocable, reasonable, and necessary for completion of the project. Costs included as cost-share on one project cannot be used as cost-share on any other Federal award. Costs paid by the Federal government cannot be used as cost-share on another Federal project (unless an exception is authorized under Federal statute). Mandatory cost-share must be included in a budget approved by the Federal awarding agency (Uniform Guidance 2 CFR 200.306(b)).

### **Can unallowable costs be used as cost-share?**

No. If the cost is unallowable as a direct cost, it cannot be used as cost-share.

### **May I use unrecovered F&A to meet cost-sharing commitments?**

“Unrecovered indirect costs, including indirect costs on cost-sharing or matching may be included as part of cost-sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate” (Uniform Guidance 2 CFR [200.306\(c\)](#)). Many federal agencies have permit the use of unrecovered F&A as cost-share but please confirm with OSP.

**Can third party contributions be used as cost-share?** Yes. See Uniform Guidance 2 CFR [200.306\(j\)](#). Where the third party are only contributing cost share and will not be receiving a subaward from WPI, the cost-share contribution must be pre-approved by the AVPR. If awarded, the party providing the cost share must provide auditable documentation of their cost share expenses, e.g. in the form of an invoice.

**Can costs incurred outside the period of performance be used as cost-share?** No. Only costs that would have been allowable on the grant can be used as cost-share. Costs incurred outside of the period of performance would be unallowable on the grant, thus cannot be used as cost-share. This is why existing equipment cannot be used as cost-share on a federal grant.

## Appendix

### Cost Share 3<sup>rd</sup> Party Commitment Letter Template

3<sup>rd</sup> Party Letterhead

February 20, 2020

Dear *<name of PI>*

This letter is to confirm the Cost Share commitment of *<name of third party>* to support the proposal named *<name of proposal>* led by Worcester Polytechnic Institute to *<name of sponsor>*.

The cost share commitment will be in the form of *<describe the item or services to be contributed>*. This contribution will be provided during the period between *<start date>* and *<end date>*. The dollar value, including any applicable indirect costs, of the contribution is estimated to be *<dollar value>* and is consistent with non-federal project rates.

Resources used to provide this cost share contribution will not come from any federal funding and will not be used to meet any other cost share commitment.

We further commit to negotiate a cost share agreement and report on actual cost share expenditures if this proposal leads to an award.

Signature of 3<sup>rd</sup> Party Official