CLARK ATLANTA UNIVERSITY

Understanding Cost Sharing in Grant Proposals

A handout on cost-sharing requirements, how to fulfill them, and how they affect the project budget.

How to use this handout: Cost sharing obligates CAU or partner resources and must be approved internally before it is included in a proposal. Use this handout to understand your options, then work with the Office of Research and Sponsored Programs (ORSP) to confirm requirements and secure institutional approval before committing to any cost share.

WHAT IS COST SHARING?

Cost sharing (also called matching funds or cost matching) refers to the portion of total project costs that is not paid by the sponsor but is instead contributed by CAU, a partner organization, or another third party. It can take the form of cash contributions or in-kind contributions (donated goods, services, or effort), and is used to meet either a requirement stated in the funding opportunity or a commitment CAU voluntarily makes in the proposal.

Types of Cost Sharing

- Mandatory cost sharing — required by statute or explicitly stated in the funding opportunity, typically expressed as a percentage of total project cost or of the amount requested.
- Voluntary committed cost sharing — not required, but proposed in writing by CAU; once the award is made, it becomes a binding commitment that must be documented and reported like the sponsor's funds.
- Voluntary uncommitted cost sharing — additional effort or resources that support the project but were never quantified or promised in the proposal; because it is not tracked or reported, it cannot later be counted toward a cost-share requirement.

FEDERAL EXAMPLES

Cost-share requirements and norms vary significantly by federal agency and by the specific funding opportunity. Always confirm current requirements in the FOA/NOFO — the patterns below are general starting points, not guarantees.

Agency	Typical Cost-Share Pattern	Notes
NSF	Cost sharing is generally not required; NSF policy discourages voluntary committed cost sharing outside of what a specific program explicitly mandates.	Some programs (e.g., certain Major Research Instrumentation awards) require an institutional contribution, often around 30%.
NIH	Cost sharing is usually not required for standard research grants.	Selected mechanisms (e.g., some Program Project or training awards) may require a match; unrecovered indirect costs sometimes count if permitted.
DOE	Applied research and development programs commonly require cost share by statute.	Typical ranges: ~20% for applied research, up to 50% for demonstration or deployment projects.
USDA / NIFA	Many competitive programs require non-federal matching funds.	Match requirements of 25% or more are common; specific percentage is set by the authorizing statute or RFA.

Agency	Typical Cost-Share Pattern	Notes
U.S. Dept. of Education	Some discretionary grant programs require a non-federal share.	Requirements vary by program; commonly expressed as a percentage of total project cost (e.g., 25%).

NONGOVERNMENTAL EXAMPLES

- Challenge or matching grants — a foundation commits funds only if CAU raises an equal (1:1) or specified amount from other sources.
- Capacity-building or capital grants — foundations may expect institutional or community co-investment as evidence of long-term commitment.
- Corporate giving programs — some corporate funders match employee volunteer hours or require an in-kind contribution from the awardee organization.
- Community foundations — may require partner organizations named in the proposal to contribute cash or in-kind services to demonstrate local buy-in.

WAYS TO FULFILL COST-SHARING REQUIREMENTS

- Cash contributions from CAU institutional funds
- Third-party cash contributions from partner organizations
- Donated equipment or supplies, valued at fair market value
- Volunteer or donated professional services, valued at a reasonable, documented rate
- Unfunded faculty or staff effort — time committed to the project but not charged to the award
- Waived or unrecovered indirect costs (F&A), where the sponsor's policy allows this to count
- Tuition waivers or remission not charged to the award
- Use value of donated space or facilities dedicated to the project
- Third-party in-kind contributions, such as partner staff time or shared use of equipment

Note: funds or effort already committed to another federal award generally cannot be used to satisfy cost sharing on a second award — this "double-counting" is prohibited under 2 CFR § 200.306.

HOW COST SHARING IMPACTS THE OVERALL BUDGET

- It increases the Total Project Cost beyond the amount requested from the sponsor: Total Project Cost = Sponsor Request + Cost Share.
- All cost-shared costs must be verifiable, auditable, reasonable, allocable, and allowable — the same standard applied to sponsor-funded costs — and cannot include otherwise unallowable items.
- Committed cost share becomes a binding obligation once awarded; CAU must track and report it like sponsor funds, and shortfalls can result in audit findings or affect future funding.
- **Cost sharing requires internal institutional approval before submission**, since it obligates CAU or partner resources for the life of the project.
- Sponsors may or may not allow indirect costs to be charged against the cost-shared portion of the budget; many CAU cost-share commitments waive F&A on cost-shared costs, which lowers the effective value counted toward the requirement.
- Because cost sharing lowers the amount requested as a share of the total project, it can strengthen a proposal's competitiveness — but only when the university can realistically deliver and document the committed resources.

SAMPLE BUDGET WITH 10% COST SHARE

The example below illustrates a project with a Total Project Cost of $170,161, of which $17,016 (10.0%) is contributed as cost share and $153,145 (90.0%) is requested from the sponsor. Cost share is drawn from unfunded PI effort, associated fringe, a partner's donated equipment, and in-kind community partner staff time.

Line Item	Sponsor-Requested	Cost Share (Cash/In-Kind)	Total
A. Personnel			
Postdoctoral Associate (12 mo.)	$48,000	—	$48,000
Graduate Research Assistant (12 mo.)	$22,000	—	$22,000
PI In-Kind Effort (1 unfunded summer month)	—	$9,000	$9,000
Total Personnel	**$70,000**	**$9,000**	**$79,000**
B. Fringe Benefits			
Postdoctoral Associate Fringe (32%)	$15,360	—	$15,360
Graduate Research Assistant Fringe (8%)	$1,760	—	$1,760
PI In-Kind Effort Fringe (32%)	—	$2,880	$2,880
Total Fringe Benefits	**$17,120**	**$2,880**	**$20,000**
C. Travel			
Domestic Conference Travel	$2,500	—	$2,500
D. Equipment			
Laboratory Equipment (sponsor-funded)	$5,000	—	$5,000
Donated Equipment/Software (partner, in-kind)	—	$1,386	$1,386
E. Supplies			
Research Supplies	$4,000	—	$4,000
F. Other Direct Costs			
Tuition Remission	$10,000	—	$10,000
Publication/Dissemination	$1,000	—	$1,000
Community Partner Staff Time (in-kind, 150 hrs @ $25/hr)	—	$3,750	$3,750
Total Direct Costs	**$109,620**	**$17,016**	**$126,636**
G. Indirect Costs (F&A)			
Indirect Costs on Sponsor MTDC (46% of $94,620)*	$43,525	—	$43,525
TOTAL PROJECT COST	**$153,145**	**$17,016**	**$170,161**

**MTDC (Modified Total Direct Costs) for the sponsor-requested indirect cost calculation excludes equipment ($5,000) and tuition remission ($10,000): $109,620 − $5,000 − $10,000 = $94,620. Indirect costs are not charged against the cost-share portion in this example, consistent with CAU's standard treatment of voluntary committed cost share.*

Cost-share percentage check: $17,016 ÷ $170,161 Total Project Cost = 10.0%.

Questions about cost-sharing requirements or documenting your commitment? Contact the CAU Office of Research and Sponsored Programs (ORSP) — cost share must be approved internally before submission and properly tracked throughout the project.