





## COST SHARING DEFINITIONS

Cost sharing is the cost of a project not borne by the sponsor. Cost sharing, also known as “matching” or “institutional support” is all contributions, including cash, in-kind and third party contributions. To be eligible for cost sharing, contributed costs must meet the same requirements as direct-charged project costs; the costs must be allowable, verifiable, reasonable, and necessary for the performance of the project.

A sponsor may require UAB to contribute to the cost of a project (Mandatory) or UAB may choose to offer to cost share a portion of the project cost (Voluntary). Once cost sharing is included in the proposal (Mandatory or Voluntary) and accepted by the sponsor it becomes legally binding Mandatory Cost Sharing and is subject to audit.

When the project is funded, the cost sharing commitment funds specified on the form will be transferred by Grants and Contracts Accounting from the source (GL) account indicated to a mandatory cost sharing account linked to the project. Failure to provide the level of cost sharing reflected in the approved and awarded budget may result in the termination of the award, disallowance of costs and / or refund of funds to the sponsor by UAB.

Cost sharing has a profound impact on the institution's budget. Whether cost sharing is mandated by the sponsor or is voluntarily contributed, the institution must provide the resources needed to meet the cost sharing requirement.

In-Kind Contributions are the value of third party non-cash contributions. Examples of in-kind contributions include the fair market value of volunteer services (other than by university employees), donated supplies, donated equipment (normally depreciation thereon), the donated use of non-university space (fair rental value), or the donated use of non-university equipment (fair rental value). The form for reporting in-kind cost sharing is located on the Office of Sponsored Programs website ([click here](#)).

For National Science Foundation (NSF), mandatory cost sharing requirements will be clearly identified in the solicitation and must be included on Line M of the proposed budget. **The proposed mandatory cost sharing cannot exceed the amount specified in the solicitation. Any inclusion of voluntary cost sharing for NSF is strictly prohibited.**

The official UAB Cost Sharing Policy is available at: <http://financialaffairs.uab.edu/policies.asp>