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Calculating F&A (Indirect) Costs When Cost-Sharing is Required – Definitions*



Guidelines for Calculating Indirect Costs

Calculating Cost Sharing – Guidance (Not Rules)*

1. Determine the minimum amount of cost sharing/matching REQUIRED by the sponsor.
2. Determine what kinds of cost sharing/matching the sponsor is requesting. For example, it is requested that equipment be matched 1:1 (that means for every dollar provided by the sponsor, a dollar must be provided by the institution). Other programs have requirements like 20% of the total request or 50% of the total project costs. Note the **verb** grammar used to describe these various requirements. It is very important.
 - When the sponsor requires a 1:1 cash match or a 100% commitment, cost match or cost share obligation it means the total cost of the project must be divided in half, and one half will be requested from the sponsor and the other half from the institution.
 - Similarly, if the sponsor requires 50% of the total project costs to be provided as cost sharing or matching, then an equal share of funding must be provided from the institution as is being requested from the sponsor.
 - If, however, the sponsor requires, for example, a 20% match of the total grant amount, it usually means that the sponsor wants to see a commitment from the institution equal to 20% of the total amount funded by the sponsor. is is similar to the 100% commitment, cash match or cost share obligation as stated in A above but differs from the example in B in that the arithmetic for that scenario is to determine the entire amount of funds needed to conduct the project and reduce it by the match requirement.

Under-recovery of Indirect Costs (F&A) as Cost Share

*Based on policy of North Carolina State University (<http://research.ncsu.edu/sparcs/budgeting/guidelines/budgeting-cost-sharing/>).