**Cost Share Definition and Requirements**

**There are four (4) types of cost share**:

1. Mandatory – This type of cost sharing is required by an agency and is normally expressed in ratio (1:1) or in percent of total award. Mandatory cost sharing is usually a condition of an award and must be tracked and certified to the funding agency. Cost share budget must be developed and approved by the authorized individual of the cost share source funds prior to submission of the proposal. Source account numbers are verified by RA, are part of the transmittal letter and constitute approval when signed by authorizing officials.
2. Voluntary Committed – This type of cost sharing is not required or mandated by an agency, however, offered in a proposal submitted by UTEP PI’s. Voluntary committed cost sharing must be justified as a need to achieve proposed projects and must have prior approval from authorized individuals by obtaining source funding account numbers and initials prior to proposal submission. Voluntary committed cost sharing is a binding obligation when a proposal gets funded and must be tracked and certified.
3. Voluntary Uncommitted – This type of cost sharing is not required or mandated and is not offered as part of a proposal and is not considered as a condition of an award. Generally, voluntary uncommitted cost sharing on research projects (function code 200) should be tracked for inclusion in research expenditure reporting (excluding all where the funding source function code is 200).

**There are 5 categories of cost sharing:**

1. Dollar-Driven: This cost sharing must meet the committed Dollar level of cost sharing, regardless of what is being cost share. This is the most flexible type of cost sharing.
2. Effort- Driven: This cost sharing must be met by achieving certain FTE as committed in the proposal, i.e. PI effort, key personnel, equipment, etc. Since cost share budgets are “best estimates”, if effort driven cost sharing does not meet total Dollar value, yet all offered commitments have been met, cost share obligations are considered as met.
3. Matching: often used in lieu of “cost sharing”, falls under same “types” as cost sharing and usually means 1:1 cost share.
4. In-Kind: In-Kind is not cost sharing, since in-kind cannot be calculated and expressed in Dollar value. In-Kind commitment is rarely applicable when offered as an internal UTEP commitment and is limited to external sources, normally external volunteers, off-campus space, etc.
5. Unrecovered F&A: Depending on function code of a project, either research (51%), education (50%), or other (which includes public service and outreach) (33%), if an agency stipulates any rate lower than the official negotiated rate, the difference between the negotiated rate and the stipulated rate becomes voluntary uncommitted cost sharing. If F&A is reduced to provide additional direct costs to a project, the un-recovered F&A becomes voluntary committed cost sharing and requires prior approval. Unrecovered F&A on research projects needs to be tracked for research expenditure reporting. If unrecovered F&A is allowed to be part of mandatory cost sharing, regardless of what type of project, unrecovered F&A must be tracked and certified.