

PI ARTICLE: In-Kind Cost Share

As described in the November 2022 PI Article “Cost Sharing – The Nuts and Bolts,” cost sharing represents a commitment to use resources other than the sponsored award itself that are necessary and reasonable to complete the objectives of the award. This article specifically covers in-kind cost sharing, which represents non-cash contributions provided by Georgia Tech (GT) or by non-federal third parties. Having a third-party agree to contribute to a GT project sounds great but, unanticipated problems occur more often than we would like.

Per 2 CFR 200.306, for all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria: (1) are verifiable from the non-Federal entity's records, (2) are not included as contributions for any other Federal award, (3) are necessary and reasonable for accomplishment of project or program objectives, (4) are allowable, (5) are not paid by the Federal Government under another Federal award (unless authorized), and (6) are provided for in the approved budget when required by the Federal awarding agency.

Other key elements from 2 CFR 200.306:

- Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity or for similar work in the labor market in which the entity competes for the services involved.
- When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs.
- Value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.
- For third-party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally.

Things to keep in mind:

- The PI must obtain a signed certification letter from the third party summarizing and confirming the cost share at the fair market value and has a value agreed upon and vetted when proposed.
- It is often challenging to determine an acceptable, reasonable valuation on in-kind share.
- Detailed record keeping requirements are often outside of the norm for the third party and GT.
- The institute is responsible if the third party doesn't fulfill its commitment, including the cost share value itself turns out not to be as expensive as proposed.
- **PIs and grant managers should track commitments throughout the award life to ensure expenditures align with requirements. This should be managed regularly, not just at the end.**

For memberships, the center has defined in their by-laws whether or not members can pay their dues with in-kind contributions and what types of in-kind are accepted. This may or may not be required or allowed by the Federal Entity supporting the center and usually it is not directly related to the Federal award. And the center can decide not to accept in-kind contributions, instead only accepting cash.

If you have any questions, please contact Josh Rosenberg at josh.rosenberg@business.gatech.edu.