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## COST SHARING ON SPONSORED PROJECTS

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### **A. Purpose**

The purpose of this policy is to provide requirements, guidelines, and procedures for monitoring, tracking, and reporting mandatory (required) and voluntary cost sharing on sponsored projects.

### **B. Persons Affected**

This policy applies to all employees of The University of Texas Rio Grande Valley (UTRGV) involved with any proposal submitted for extramural funding.

### **C. Policy**

1. The policy of UTRGV is to provide only the minimum cost sharing required on extramurally funded sponsored projects. Voluntary committed cost sharing is highly discouraged, and many federal agencies do not allow it.
2. If cost sharing is included in a proposal that is funded by a sponsor, then UTRGV is obligated to provide financial or other resources that have been pledged. UTRGV will track the cost shared resources in a consistent and reasonable manner that complies with applicable federal, state, The University of Texas System (UT System) and UTRGV regulations, policies, and guidelines.
3. Required cost sharing (federal and non-federal) contributions must meet all of the following criteria:
  - a. Are verifiable from the non-federal entity's records;
  - b. Are not included as contributions for any other federal award;
  - c. Are necessary and reasonable for accomplishment of project or program objectives;
  - d. Are allowable under Subpart E—Cost Principles of 2 CFR § 200 and the terms and conditions of the sponsored project;
  - e. Are not paid by the federal government under another federal award, except where the federal statute authorizing a program specifically provides that federal funds made available for such program can be applied to matching or cost sharing requirements of other federal programs;
  - f. Are provided for in the approved budget when required by the federal awarding agency; and

- g. Conform to other provisions of Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR § 200.0 et seq., as applicable.
- 4. When a grant award is received in which cost sharing was required and accepted by the agency, the cost sharing becomes a binding commitment that must be provided and tracked in a consistent manner by UTRGV. Additionally, required cost sharing must be included in the appropriate direct costs base in the facilities and administrative rate proposal.
- 5. Effort commitments used as mandatory or voluntary committed cost sharing must only be used once and not be used against multiple sponsored projects.

**D. Procedures**

- 1. The primary department with which the sponsored program or project is affiliated is ultimately responsible for identifying the source(s) of, and meeting, cost sharing commitments.
- 2. The Office of Sponsored Programs has the responsibility to verify that cost sharing is included in project proposals only where required, that cost sharing included in proposals has been properly committed to by departments submitting such proposals, and that such commitments remain valid before awards containing cost sharing are accepted by UTRGV.
- 3. The Office of Grants and Contracts is responsible for tracking and reporting cost share expenditures to the sponsor entity in accordance with the agreement's financial report requirements. Cost sharing expenses for each project are accounted for in separate accounts established specifically for that purpose. Allowable costs must be timely and accurately charged to the appropriate cost sharing account and must be approved by the PI. The Office of Grants and Contracts provides reports of cost sharing for use by the UTRGV's administration as required and for the preparation of facilities and administration indirect cost rate proposals.
- 4. The Administrator for the Office of Sponsored Programs is responsible for developing, implementing, and maintaining procedures associated with this policy.
- 5. UTRGV must accept federally mandated salary caps and any excess of a salary rate cap must be funded from non-sponsored accounts. IBS will not be increased or decreased during a fiscal year as a result of receipt or loss of salary support from grants, contracts, and other revenues. Salaries and wages should be budgeted commensurate with the proposed level of effort and can be paid only for time they are working on the project(s).
- 6. Cost committed sharing in the form of contributed effort must be identified on the effort certification.

## E. Definitions

1. Cost Sharing – a commitment made by the institution to fund a portion of the total cost of a sponsored agreement. This commitment may be for direct and/or indirect costs, and may consist of institution funds or funds from other outside sources. Cost sharing can be classified as either mandatory or voluntary. Cost sharing is also referred to as “Cost Matching.”
  - a. *Mandatory committed cost sharing* – a contribution to a sponsored project or program required by the sponsor as a condition of the award. Such contributions are binding commitments and must be accounted for in accordance with this policy. Mandatory cost sharing must be included in the proposal budget and be included in the research base.
  - b. *Voluntary committed cost sharing* – a quantified contribution reflected in the proposal narrative, budget, and/or budget justification. These are binding commitments and must be accounted for, in any resulting award, in accordance with this policy. The federal government has stated that cost sharing is not considered for proposal competitiveness unless specifically referenced in the solicitation. Therefore, voluntary committed cost sharing should be avoided.
  - c. *Voluntary uncommitted cost sharing* – contributions not quantified or reflected in the proposal. These are nonbinding commitments that do not require documentation or reporting. Voluntary Uncommitted Cost Sharing should not be included in the research base.
2. Effort – the time devoted to a sponsored project, expressed as a percentage of the total time spent on all activities conducted under the terms of employment with UTRGV.
3. Expenses for Cost Sharing – Cost sharing consists of allowable and necessary direct costs and/or unrecovered indirect expenses.
  - a. *Allowable Expenses for Cost Sharing* – costs that can be offered as cost sharing commitments in sponsored project proposals.
  - b. *Unallowable Expenses for Cost Sharing* – costs that cannot be offered as cost sharing commitments in sponsored project proposals.
4. In-kind Contributions – represent the value of non-cash contributions provided by UTRGV or non-federal third parties. When such contributions benefit a sponsored project, they generally may be counted as cost sharing. In-kind contributions may be services provided by volunteers or use of equipment (not contributed equipment).
5. Institutional Base Salary (IBS) – annual compensation that the applicant organization pay for an individual’s appointment, whether that individual’s time is spent on research, teaching,

patient care, or other activities. Base salary excludes any income that an individual earns outside of the duties to the application organization.

6. Matching – synonymous with cost sharing; see prior definition of *Cost Sharing*.
7. Sponsored Project – a project funded by an award from a grant, contract, or agreement under which UTRGV agrees to perform a certain scope of work, according to specified terms and conditions, for a specific budget and period.
8. Third-Party Cost Sharing – that which is provided from entities outside UTRGV.

**F. Related Statutes or Regulations, Rules, Policies, or Standards**

[2 CFR 200](#), Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

[2 CFR 200 Subpart E](#), Cost Principles for Educational Institutions (Uniform Guidance)

[2 CFR § 200.306](#), Cost Sharing or Matching

[2 CFR § 200.405](#), Allocable Costs

**G. Dates Reviewed or Amended**

Not applicable.