

The University of Texas at Austin
Cost Sharing Procedure for Sponsored Projects
June, 2003

Cost sharing is that portion of a total sponsored project's costs that are paid from sources other than the funds provided by the sponsor. Cost sharing can either be imposed by a sponsor as a condition of the award (mandatory committed) or it can be voluntary committed if offered by the University when not a sponsor requirement.

Some agencies make a distinction between "cost sharing, "in-kind" and "matching." Generally, all these terms refer to the share of costs not charged to the sponsor. These terms can refer to cash contributions, contributed time, and donated services.

Cost sharing has a significant financial impact on the department providing the funds and on the University as a whole. Commitments should be held to a minimum. The University procedure is to provide cost sharing only when required by agency guidelines or delineated in specific program announcements or necessary due to the competitive nature of the proposal

Proposal/Award Cost Sharing Form

A Proposal/Award Cost Sharing Recap Form (attached) is required for each proposal which includes cost sharing. This form must represent all references to cost sharing found within the budget, budget justification, or text of the proposal. If effort or other resources are offered in the proposal narrative or budget justification, the associated costs must be treated as cost sharing, even if they are not quantified in the budget. If the project is funded, the principal investigator will have to review the cost sharing information provided at proposal submission, update if necessary, and certify that the cost sharing required by the terms and conditions of the award can be met. The principal investigator will provide the source(s) of funding for the cost sharing. In accepting an award where the proposal indicated institutional cost sharing, the University is committing itself to formally documenting that the cost sharing was actually applied to the project. Principal investigators (PIs) are responsible for seeing that the cost sharing commitments are met and providing appropriate documentation to the Contracts and Grants Section of the Office of Accounting. The PI is responsible for obtaining appropriate documentation from the providers of third-party cost sharing. This documentation must be sent to Contracts and Grants.

Federal Cost Sharing Regulations

Federal regulations regarding cost sharing are found in OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations” (A-110). Subpart C, Section. 23 of A-110 states in part; (a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient’s cost sharing or matching when such contributions meet all of the following criteria:

- (b) Are verifiable from the recipient’s records.
- (c) Are not included as contributions for any other federally assisted project or program.
- (d) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- (e) Are allowable under the applicable cost principles.
- (f) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- (g) Are provided for in the approved budget when required by the Federal awarding agency.
- (h) Conform to other provisions of this Circular, as applicable.

Un-recovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.

The URL for this circular is:

<http://www.whitehouse.gov/omb/circulars/a110/a110.html#23>

Definitions

Mandatory committed cost sharing is required by the sponsor as a condition of obtaining an award. It must be included or a proposal will receive no consideration by the sponsor.

Voluntary committed cost sharing represents resources offered by the University when it is not a specific sponsor requirement.

NOTE: In either case, when an award is received in which cost sharing (mandatory or voluntary committed) was proposed, the cost sharing becomes a binding commitment which the University must provide as part of the performance of the sponsored project.

Institutional cost sharing (statutory), which is required by some sponsors (e.g., NSF), is not accounted for at a detailed level. Institutional cost sharing is a

requirement of some unsolicited proposals whereby the University commits that it will use some of its own resources for related research. This commitment is made at the aggregate level between the sponsor and the University. In accordance with Congressional requirements, NSF requires that each grantee share in the cost of NSF research projects resulting from unsolicited proposals. These requirements may be met by the recipient through cost sharing a minimum of one percent on the project or by cost sharing a minimum of one percent on the aggregate costs of all NSF-supported projects subject to the statutory requirements. The Grant Policy Guide (GPG)(Sec. 11.7.1) and the Grant Policy Manual (Sec. 330) provide additional information as to these requirements. The University will report cost share in the aggregate through contributed time as documented in the effort reporting system. **If institutional cost sharing is the sole source of cost sharing on a project, the PI is not required to complete the Proposal/Award Cost Sharing Form.**

Matching usually involves a University contribution of hard dollars or funds specifically appropriated for and allocated to the project.

In-kind contributions represent the value of non-cash contributions provided by the University or non-Federal third parties. When such contributions benefit a sponsored project, they generally may be counted as cost sharing. However, property purchased with Federal funds may be contributed to a Federally sponsored project only if authorized by Federal legislation. Typical examples of in-kind contributions are services provided by volunteers and contributed time.

Third-party cost sharing is that which is provided from entities outside the University.

Contributed Effort is the time contributed by the PI to the project for which he/she is not paid. A PI may contribute up to 25% time during the academic year without prior approval. Percentages above that amount would have to be approved by the Chair, Dean, or appropriate administrator.