

WHAT IS COST SHARING?

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 required by a sponsor as a condition of the award (Mandatory Committed) or it can be voluntarily pledged (Voluntary Committed) if offered by when not a sponsor requirement.

Some agencies make a distinction between "Cost Sharing, "In-kind" and "Matching." Generally, all these terms refer to costs not charged to the sponsor. These terms can refer to cash contributions, contributed time, and In-Kind services whether from University or Third-Party sources.

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

WHY DOES OSP COLLECT INFORMATION REGARDING COST SHARING?

Federal regulations require that Cost Sharing be allocable to a specific project and that it be verifiable. As The University office charged with responsibilities concerning grant activities from inception to completion, OSP collects and tracks data pertaining to grant-related Cost Sharing.

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>

WHEN DO I REPORT COST SHARING IN RELATION TO CONTRIBUTED EFFORT?

Any amount of Contributed Effort must be reported on a Cost Sharing Recap Form as a cash contribution.

All Matching funds or Cost Sharing commitments based on the faculty member's academic time and effort must be approved in advance by the faculty member's department chair and dean and be documented on the Cost Sharing Recap Form attached to the proposal **when the cumulative total of such commitments made by a faculty member exceeds the percentage of the faculty member's academic year time allowed by the College as a Research Allocation.**

If the commitment does not exceed a faculty member's Research Allocation, then only the Principal Investigator's signature is required on the Proposal/Award Cost Sharing Recap Form.

WHAT IF I HAVE NO CONTRIBUTED EFFORT, BUT HAVE OTHER REAL (CASH) OR THIRD-PARTY (OUTSIDE UT) COST SHARING?

A Proposal/Award Cost Share Recap form must be submitted along with appropriate signatures and/or commitment letters.

WHERE DO I OBTAIN THE PROPOSAL/AWARD COST SHARING RECAP FORM?

A Proposal/Award Cost Sharing Recap Form is required for each proposal that includes Cost Sharing and can be downloaded from: http://www.utexas.edu/research/osp/cost_share.pdf

WHO COMPLETES THE FORM?

The Principal Investigator is responsible for completing the form, for obtaining appropriate signatures, and for submitting a Proposal/Award Cost Sharing Recap form to OSP.

This form must represent all references to Cost Sharing found within the budget, budget justification, or text of the proposal or in any letter of support included in the proposal submission. 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 provided to the project. Principal Investigators (PIs) are responsible for assuring that the Cost Sharing commitments are met and providing appropriate documentation to the Contracts and Grants Section of the Office of Sponsored Projects. The PI is responsible for obtaining appropriate documentation from the providers of Third-party Cost Sharing, such as letters of commitment. This documentation must be sent to Contracts and Grants.

WHO SIGNS THE FORM?

- 1) If the Principal Investigator is only cost-sharing a portion of his/her Research Allocation, then only the Principal Investigator needs to sign the form.
- 2) If the Cost Sharing involves any type of real (cash) Cost Sharing, then:
 - a. An account number must be included on the form, and the signature of the individual* authorized to expend funds from that account; and
 - b. The Principal Investigator

*if the Principal Investigator is the authorized individual on the named account, the Principal Investigator should sign in both locations on the form.

DOES A SIGNED PROPOSAL/AWARD COST SHARE RECAP FORM CONSTITUTE A DEAN'S CONSENT TO COMMIT MORE THAN A FACULTY MEMBER'S RESEARCH ALLOCATION?

No. The Proposal/Award Cost Share Recap form only documents the amount of Cost Sharing associated with a specific project and which University accounts will cover the expense or that a third party will be contributing funds to the project.

DEFINITIONS

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.

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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) is proposed, the Cost Sharing becomes a binding commitment which the University must provide as a requirement of the performance of the sponsored 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.

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

Research Allocation is the maximum percentage of a faculty member's academic time that can be cumulatively committed by the faculty member without approval by the chair or dean, generally 25%. However, faculty should consult with their chair or dean to ascertain the specific amount allowed by their individual appointment.

Third-party Cost Sharing is that which is provided from entities outside the University.