

Handbook of Operating Procedures

COST SHARING ON SPONSORED PROJECTS

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 and associated with The University of Texas Rio Grande Valley (UTRGV) involved with any proposal submitted for Federal and non-Federal funding.

C. Policy

1. The policy of UTRGV is to provide the minimum cost sharing required on extramurally funded sponsored projects for which cost sharing is required. Voluntary committed cost sharing may only be considered for sponsors that allow it in cases where it would be expected and will significantly enhance the probability of success of the application.
2. If cost sharing is included in a proposal that is funded by a sponsor, then UTRGV is obligated to provide the 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 contributions must meet all of the following criteria:
 - a. Are verifiable from UTRGV's records or the records of the entity that it is committing the cost-share as a collaborator to UTRGV;
 - b. Are not included as contributions for any other sponsored project;
 - c. Are necessary and reasonable for accomplishment of project or program objectives;
 - d. Are allowable under 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 awarding entity; and
 - g. Conform to other provisions of Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200, as applicable, including

provisions for cost sharing as described in 2 CFR §200.306, regardless of the source of funding.

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 based in the facilities and administrative rate proposal.
5. Effort commitments used as mandatory or voluntary committed cost sharing for multiple sponsored projects must be allocated appropriately to each of the projects.

D. Procedures

1. The principal investigator or project director is responsible for working with the appropriate UTRGV leadership to identify all sources of funds for cost sharing and must have these approved by the corresponding department before proposal submission. The principal investigator or project director may not utilize funds from another federal award as the source of cost sharing except as authorized by statute. Cost share approvals must be included in the proposal submission budget.
2. The Office of Sponsored Programs has the responsibility of verifying that cost sharing is included in project proposals only where required and as approved by the University designated official(s), 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 sponsored projects. Salaries and wages should be budgeted commensurate with the proposed level of effort and can be paid only for time when investigators are actively working on the project(s).
6. Cost sharing committed 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. Cost sharing is that portion of a project or program cost that is not reimbursed by the sponsor (whether Federal or non-Federal) and as such represent a commitment of institutional resources that would otherwise be devoted to other UTRGV purposes. This commitment may be for direct and indirect costs, and may consist of institution funds or funds from other outside sources. Cost sharing can be classified as either mandatory or voluntary. Mandatory and voluntary committed cost share on federally sponsored research projects is included in the Organized Research cost base that is included in the calculation of the Facilities and Administration (F&A), also known as Indirect Cost (IDC) rate. An increase in Organized Research direct cost base may result in a decrease of UTRGV's F&A rate and consequently a reduction in the indirect cost recovery from sponsored projects to the UTRGV. 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 should be included in the research base.
 - b. *Voluntary committed cost sharing* – a quantified contribution reflected in the proposal narrative, budget, or budget justification. These are binding commitments and must be accounted for, in any resulting award, in accordance with this policy.
 - 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 – has the meaning assigned in [ADM 07-103 Managing and Certifying Effort on Sponsored Projects](#).
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)* – total annual compensation an individual receives from UTRGV for activities that make up an individual’s appointment, whether the individual's time is spent in research, teaching, or other activities. IBS includes compensation for instruction, public service, sponsored research, institutionally funded research, administrative appointments, and other related activities. IBS does not include fringe benefit payments, reimbursed expenses, overload pay, incidental pay (such as one-time bonuses), or income earned outside of duties to UTRGV. See ADM 07-304 Institutional Base Salary (IBS) Policy for a detailed explanation of institutional base salary.
6. *Matching* – synonymous with cost sharing as defined in Section E.1.
7. *Sponsored Project* – A project or program that is partially or wholly supported by external funding and that has a defined scope of work or set of objectives, which provides the basis for sponsor expectations. See ADM 07-200 Sponsored Projects.
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

[ADM 07-103 Managing and Certifying Effort on Sponsored Projects](#)

[ADM 07-200 Sponsored Projects](#)

[ADM 07-304 Institutional Base Salary \(IBS\) Policy](#)

G. Dates Reviewed or Amended

Reviewed and amended – June 7, 2022