

Policy for Cost Sharing on Sponsored Projects

(Check this against posted Policy in Rules & ask Sharon Otholt if she has a form already.)

Purpose

To ensure that cost sharing on sponsored project is proposed, accounted for and reported consistent with requirements set forth in federal regulations (OMB Circulars A-21 and A-110), requirements of sponsoring agencies and the policies of Texas A&M University.

Policy

A&M-SA policy does not allow for voluntary committed cost sharing without prior approval of the Director of Graduate Studies and Research.

Cost share committed on sponsored projects is to be limited to the minimum amount necessary to meet sponsors' requirements for the following reasons:

- Exceeding the sponsor's mandated level for cost sharing rarely improves the likelihood of an award.
- Identifying, tracking and reporting of cost sharing increases administrative duties.
- Cost sharing salary reduces the amount of salary eligible to be recovered from external sponsors.
- Cost share commitments will negatively impact negotiation of A&M-SA Facilities & Administrative (F&A) rate.

Per federal regulations (OMB Circular A-110, Subpart C. 23) cost sharing must be accounted for through university financial records. To identify, track and report cost share commitment on sponsored projects, the University uses three mechanisms:

Internal Budget: University policy requires that the amount, category (e.g., salary, equipment) and type of cost share (i.e., mandatory or voluntary committed) and its funding source (i.e., departmental account) be documented on A&M-SA's internal budget.

Cost Share Commitment approval procedure: University policy requires that once cost share commitment is identified, it is the responsibility of the PI to submit an official Cost Sharing Request Form (in consultation with FA-Sharon Otholt) to Office of Graduate Studies and Research.

Cost Share Support Account: University policy requires that cost share companion accounts be established to document that:

- cost share commitments to the sponsored project were met,
- funds used to meet matching requirements were used only once,
- Criteria for Determining Allowable Cost Share Expenses .

In general, cost shared expenses must meet the same standards as expenses made using the sponsor's funds. In addition, cost-shared expenses must be:

- Determined allowable by sponsor policy and program guidelines,
- Allowable **under TAMUS Policy 15.01.01; 11.4.**

- Verifiable in the University's accounting record,
- Necessary and reasonable to efficiently achieve the objectives of the program,
- Incurred during the effective period of the award.

Criteria for Determining Allowable Cost Share Expenses

Cost Sharing may consist of allowable direct or indirect cost resources, subject to approval by the appropriate Dean, Director or Department Chair and by the Director of Graduate Studies and Research.

- Faculty or Staff Effort (NOTE: Effort may not exceed 100%)
- Equipment
- Other Direct Costs
 - Travel expenses
 - Laboratory supplies
- Indirect Costs (Facilities and Administrative Costs – cannot charge these because A&M-SA does not yet have a negotiated rate.)

Criteria for Determining Unallowable Cost Share Expenses

The following are examples of expenses that are not allowable as cost sharing:

- Administrative salaries, services and supplies that are not appropriate as direct costs, as stated in OMB A-21 section F.6.(b),
- Unallowable costs as defined in A-21, section J,
- Costs associated with use of University facilities such as laboratory space,
- Cost of using any item of equipment purchased with federal funds,
- Expenses that are not directly connected with performance of the project,
- Expenses that cannot be verified in the project accounting records,
- Resources committed as cost share for other projects,
- Expenses recovered through the Facilities and Administrative Costs (F&A) paid by the sponsor (this will be rare since A&M-SA does not have a negotiated F&A rate and, thus, cannot charge an F&A rate,
- Salary amounts in excess of the NIH salary cap for faculty charged to NIH, Agency for Healthcare Research and Quality (AHRQ) and the Substance Abuse and Mental Health Services Administration (SAMHSA) grants.
- Federal funds unless approved by sponsor.

Definitions

Cost Sharing (also called matching) refers to the specific portion of the total project or program costs (direct or indirect) not funded by the sponsor. Cost sharing occurs when a cost specifically benefits a sponsored project, but is not charged to the sponsor. Typically, cost sharing is a direct cost such as salary or equipment. [If a sponsor limits F&A (indirect costs) eligible to be charged to a project, unrecovered F&A may be allowed as cost share if sponsor has approved. This will not happen because A&M-SA does not have a negotiated F&A rate and will not have one until we get a direct federal grant and the System negotiates the F&A rate with the cognizant agency: DHHS).

Types of cost sharing

- **Mandatory:** Costs required by the terms of the award or by federal statute that the University must contribute toward the project as a component of the award. The two major categories include:

Cash: Actual expenditure of funds (e.g. salaries, equipment, travel)

Non-Cash (In-kind): Contributions to the project other than cash (e.g. effort of non-employee volunteers)

- **Voluntary Committed:** Cost associated with a project, identified in the proposal, yet not requested from the sponsor. **Common examples include:**

Effort: A percentage effort (e.g., for faculty or senior researchers) included in a proposal budget or stated in the text of the proposal for which compensation is not requested; and

Equipment: The purchase of equipment for the project that was identified in the proposal; however, funds were not requested of the sponsor.

- **Voluntary Uncommitted:** Cost associated with a project, not funded by the sponsor, and not identified in the proposal, or in any other communication to the sponsor as a commitment of the University. **Includes:**

Effort of faculty or senior researchers that is beyond the effort committed and budgeted for in a sponsored agreement.

Effort: See also TAMUS Policy 15.01.01, Effort Reporting. To comply with OMB Circular A-21, J.10, principal investigators must commit some effort on each individual sponsored program whether federal or non-federal, whether paid or not paid by the sponsor. Exceptions to this requirement include training grants, dissertation support, limited purpose awards (e.g., travel grants, conference support), or salary support provided by another funding source, such as career awards.

Related Federal Regulations and University Procedures

OMB Circular A-21, "Cost Principles for Higher Education"

OMB Circular A-110, "Uniform Administrative Requirements for Grant and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"

Any questions about this policy should be referred to the Office of Graduate Studies and Research.