

## STANDARD ADMINISTRATIVE PROCEDURE

### 15.01.01.M1.03 Cost-Sharing Procedures

*Approved October 6, 1997*

*Revised May 9, 1999*

*Revised October 2, 2001*

*Revised October 21, 2009*

*Revised January 11, 2013*

*Revised June 1, 2018*

*Revised September 13, 2024*

*Next scheduled review: September 13, 2029*

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#### Standard Administrative Procedure Statement

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This Standard Administrative Procedure identifies the requirements for documentation of cost sharing using Texas A&M University (TAMU) funds for sponsored projects.

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#### Definitions

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Refer to System Regulation 15.01.05, *Cost Sharing on Sponsored Agreements*, for definitions of cost sharing, mandatory committed cost sharing, voluntary committed cost sharing, and voluntary uncommitted cost sharing.

Cost Sharing: The portion of the total project costs of any sponsored agreement that is not provided by the sponsor (i.e., not charged to the sponsored agreement account). Cost sharing occurs whenever a member is required or has volunteered to participate in either direct or Facilities and Administrative (F&A) costs of a sponsored agreement.

In-kind Cost Sharing: The value of non-cash contributions provided by the University or third parties.

Institutional Base Salary (IBS): The fixed monthly or hourly rate of pay that Texas A&M pays an employee for instruction, public service, research, and/or other activities, to include administrative stipends. IBS excludes fringe benefit payments; one time merit payments; reimbursed expenses; temporary, supplemental compensation for incidental work; and income earned outside of duties to the institution.

Mandatory Committed Cost Sharing: A cost contribution explicitly required by the sponsor's policies and incorporated into the proposal as a condition of the sponsored agreement. These costs must be captured in the payroll and accounting records of the member.

Salary and Fringe Cap: The amount of salary legislatively mandated which can be paid to an individual from a federal sponsor such as National Institutes of Health (NIH). The cap establishes a maximum annual rate of pay at which an individual's full-time effort over a twelve-month period can be charged for a federal contract, grant or cooperative agreement. It is not intended to limit the actual salary paid by the institution. Other sponsors may cap salary and/or fringe charged to a grant based on their guidelines.

Third Party Cost Sharing: A source of cost-sharing provided by a source outside of the University or System, such as a private corporation.

Voluntary Committed Cost Sharing: A cost contribution not required by the sponsor but voluntarily offered and quantified in the proposal as a condition of the sponsored agreement. Voluntary committed cost sharing may be approved by the member to enhance the competitive nature of the sponsored agreement, as allowed by the sponsor. These costs must be captured in the payroll and accounting records of the member.

Voluntary Uncommitted Cost Sharing: Faculty effort or other direct costs above the agreed-upon commitment of the sponsored agreement. Since such effort or other direct costs were not proposed and constitute "additional" time or materials, such effort or other direct costs are not considered part of a binding agreement and are not required to be tracked or reported as cost sharing.

SRS: Sponsored Research Services

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## Official Procedure

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### 1. GENERAL

- 1.1 When in its best interest, the University may commit to bear some share of the costs of a sponsored project. This is known as cost sharing. Cost sharing includes all contributions, cash and in-kind, mandatory, and voluntary, uncommitted and committed.
- 1.2 Cost sharing must be administered by the University in accordance with federal and state laws and in accordance with the sponsored agreement as described in System Regulation 15.01.01, *Administration of Sponsored Agreements – Research and Other*.
- 1.3 Cost-sharing accounts must be established as either a separate sub-ledger account or a support account within an existing sub-ledger (parent) account and linked to the sponsored project in MAESTRO to be tracked and reported. These include:
  - 1.3.1 Mandatory Cost Sharing of University funds
  - 1.3.2 Voluntary Committed Cost Sharing of University funds
  - 1.3.3 Committed In-Kind Cost Sharing.

## 2. CRITERIA AND DOCUMENTATION OF COMMITTED COST-SHARING EXPENSES

- 2.1 Committed cost-sharing (mandatory, salary/fringe cap or voluntary) must be documented and identifiable in Texas A&M University's accounting system, with the exception of waived F&A (facilities & administrative).
  - 2.1.1 Examples of committed cost sharing documentation include financial transaction reports, time and effort reports, timesheets, payroll voucher detail, vendor invoices, interdepartmental transfers, or third-party verification.
  - 2.1.2 The committed cost-sharing account or support account must be reflected in payroll documents such as the electronic payroll cost allocation for payroll expenses to be charged to the correct committed cost-sharing account or support account.
    - 2.1.2.1 For a sponsored project with a salary cap restriction, if the PI's institutional base salary (as defined) exceeds the salary cap, the Department/College will cost share the difference between the salary cap and the actual salary along with associated fringe benefits and F&A. This includes sponsored projects awarded to Brazos County headquartered agencies the faculty having joint appointments.
  - 2.1.3 The period of performance for a committed cost sharing account or support account should be the same time period as the associated sponsored project account.
  - 2.1.4 Committed cost sharing expenditures must be allowable and allocable under Uniform Guidance 2 CFR Part 200.
    - 2.1.4.1 The costs must not be included as committed cost sharing for any other project.
    - 2.1.4.2 Costs should not be paid by the sponsor under another award.
    - 2.1.4.3 Federal funds must not be used as committed cost sharing on another project without prior approval of the sponsor.
  - 2.1.5 Costs should be necessary and directly related to sponsored project objectives.
    - 2.1.5.1 The cost sharing budget amount should match the amount as approved and acknowledged by the sponsoring agency and the University. Cost sharing expenditures must be captured in the financial system through direct expenditures or entered for 3<sup>rd</sup> party cost share in the cost share module.
  - 2.1.6 Third-party contributions for committed cost-sharing should also be

documented in a like manner by obtaining the documentation from the third party. The third party should provide documentation that verifies their committed cost sharing contribution. Additionally, prior approval of the sponsor to use third party cost sharing must be obtained.

2.1.6.1 In-kind contributions represent the value of non-cash contributions provided by the University or non-Federal third parties. Typical examples of in-kind contributions are services provided by volunteers and contributed time.

2.1.6.2 Property purchased with federal funds may be contributed to a federally sponsored project only if authorized by Federal regulation and/or sponsor.

2.1.7 Waived F&A is not recorded in the accounting system but is calculated as the difference between the actual F&A earned for a project and the F&A that could have been earned if the full applicable F&A rate for the project had been applied. If this is reported as a match or cost share to the sponsored project, it is captured and reported to the sponsor. This calculation is important for inclusion in research statistics and reports.

2.2 Mandatory or committed Cost sharing accounts or support accounts must be identified in the University's financial accounting system by assigning an effort category.

2.2.1 It is important to use the correct classification of accounts to identify cost-sharing accounts in the preparation of the indirect cost rate calculation and for annual research expenditure reports prepared by the University. Effort categories for cost-sharing accounts are:

2.2.1.1 CSOR – Cost Sharing for Organized Research

2.2.1.2 CSIN – Cost Sharing for Instruction

2.2.1.3 CSOS – Cost Sharing for Other Sponsored Activities (all other projects that are not research or instruction)

2.3 For sponsored projects awarded to the University, the Principal Investigator or departmental financial contact is responsible for recording cost-sharing expenses in cost share accounts established by Sponsored Research Services.

### 3. CRITERIA FOR UNCOMMITTED COST SHARING

3.1 For the purposes of identifying cost sharing and certifying time and effort, uncommitted cost sharing is not tracked or documented.

### 4. RESPONSIBILITY FOR COST-SHARING ACCOUNTS

4.1 Voluntary cost sharing is strongly discouraged, unless deemed necessary due to the competitive nature for a specific award, as these arrangements require funding resources from the University. Responsibilities for monitoring cost sharing are shared by both the University and SRS.

#### 4.1.1 Responsibilities of College/Department

- 4.1.1.1 The Departments and Colleges are responsible for keeping voluntary cost sharing to a minimum. All voluntary cost sharing must be approved by the department and/or unit head and dean or equivalent. Request for voluntary cost sharing (federal, state, and other non-profit sponsors only) must include a statement justifying the benefits to the University for funding a portion of the project costs. SRS Associate Executive Director (or designee) must confirm the benefit to the University and the State on the justification for the voluntary cost share prior to submission of proposal. Additionally, the request for voluntary cost sharing the department or college should provide the University department that will absorb the costs of the project.
- 4.1.1.2 When a sponsored project includes cost sharing arrangements, increased monitoring by both SRS is necessary to ensure compliance with sponsor requirements as well as University and System policies and regulations.
- 4.1.1.3 The Department/College will receive sponsored project award information from SRS so that projects requiring a TAMU source(s) of cost sharing can be identified.
- 4.1.1.4 Cost sharing accounts for sponsored projects managed by SRS will be established by post award management personnel at SRS in accordance with information provided by the department(s).
- 4.1.1.5 The Departments are responsible to ensuring that the appropriate amount of budget for the cost sharing account is established.

#### 4.1.2 Coordination of Responsibilities with Sponsored Research Services

- 4.1.2.1 Consistent with System policies and regulations, OSRS is responsible to:
  - a. provide project award information to College/Department to ensure that University approvals have been obtained, and that cost sharing is documented and readily identifiable in the accounting or time and effort system;
  - b. maintain accurate project accounting records to verify that cost share funds have been provided by university resources; and
  - c. responsible for project and contract compliance for cost sharing commitments and notifies Department or College with a copy to the VPR or equivalent of instances of non-compliance, such as cost share commitments not being met.

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## **Related Statutes, Policies or Requirements**

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[2 CFR 200, OMB Guidance for Grants and Agreements](#)

[Notice of Salary Limitation on Grants, Cooperative Agreements, and Contracts, Notice Number: NOT-OD-12-035](#)

[NIH Salary Cap Summary](#)

[System Policy 15.01, Research Agreements](#)

[System Regulation 15.01.01, Sponsored Agreements – Research and Other](#)

[System Regulation 15.01.05, Cost Sharing on Sponsored Agreements](#)

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## **Contact Office**

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[Sponsored Research Services](#)

Division of Research

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