

STANDARD ADMINISTRATIVE PROCEDURE

15.01.01.M1.03 Cost-Sharing Procedures

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Standard Administrative Procedure Statement

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

Definitions

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.

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 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.

OVPR: Office of the Vice President for Research

FAMIS: Financial Accounting Management Information System

SRS: Sponsored Research Services

Official Procedure

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 should be established as required by the cost share budget period. A cost-sharing account is either a separate sub-ledger account or a support account within an existing sub-ledger (parent) account.

2. CRITERIA AND DOCUMENTATION OF COMMITTED COST-SHARING EXPENSES

- 2.1 Committed cost-sharing must be documented and identifiable in Texas A&M University's accounting system, with the exception of waived F&A.
 - 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 in order for payroll expenses to be charged to the correct committed cost-sharing account or support account.
 - 2.1.2.1 For a sponsored project funded by NIH, if the PI's institutional base salary exceeds the NIH salary cap, the University will cost share the difference between the NIH salary cap and the actual salary along with associated fringe benefits and F&A.
 - 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 amount of the cost sharing budget should match the amount of committed cost sharing as approved and acknowledged by the sponsoring agency and the University.
 - 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. This calculation is important for inclusion in research statistics and reports.

2.2 Cost sharing accounts or support accounts should be identified in the University's financial accounting system by assigning an effort category (shown on Screens 008 or 051 for support accounts in FAMIS).

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 University sponsored projects, the Principal Investigator or departmental financial contact is responsible for recording cost-sharing expenses in cost share accounts established by the Office of the Vice President for Research.

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 Office of the Vice President for Research (OVPR)

4.1.1.1 It is the responsibility of the OVPR to keep voluntary cost sharing to a minimum. All voluntary cost sharing must be approved by the department or unit head, dean or equivalent and Vice President for Research, or designee, prior to submission of proposal. Request for voluntary cost sharing (federal, state and other non-profit sponsors only) should be forwarded to the OVPR with approvals from the department head and dean and with a statement justifying the benefits to the University for funding a portion of the project costs. Additionally, the request for voluntary cost sharing should provide the University account that will absorb the costs of the project.

4.1.1.2 When a sponsored project includes cost sharing arrangements, increased monitoring by both OVPR and SRS is necessary to ensure compliance with sponsor requirements as well as University and System policies and regulations.

4.1.1.3 The OVPR 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 will be established by OVPR in accordance with information provided by SRS. The account titles for cost sharing accounts will be named in a standard format by using the letters "CS" at the beginning of the support account title, include the PI last name and sponsored project account number. Example: CS – PI Last Name – 02 – 445566.

4.1.1.5 The OVPR will ensure that the appropriate amount of budget for the cost sharing account is established.

4.1.2 Coordination of Responsibilities with SRS

4.1.2.1 Consistent with System policies and regulations, OVPR coordinates responsibilities with SRS so that SRS:

- a. provides project award information to VPR 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. maintains accurate project accounting records to verify that cost share funds have been provided by University resources; and
- c. is responsible for project and contract compliance for cost sharing commitments and notifies OVPR of instances of non-compliance, such as cost share commitments not being met.

Related Statutes, Policies or Requirements

Office of Management and Budget, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Part 200

https://www.ecfr.gov/cgi-bin/text-idx?SID=7af378f526d22657f949862a3ce22abc&mc=true&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Notice of Salary Limitation on Grants, Cooperative Agreements, and Contracts, Notice Number: NOT-OD-12-035

<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-12-035.html>

Salary Cap Summary for NIH

http://grants.nih.gov/grants/policy/salcap_summary.htm

Supplements [System Policy 15.01, Research Agreements](#), [System Regulation 15.01.01, Sponsored Agreements – Research and Other](#)

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