COST SHARING POLICY

A. Purpose

The purpose of this policy is to reduce The University of Texas-Pan American obligations for Cost Sharing under sponsored projects to a minimum, and to establish appropriate guidelines for ensuring compliance with Cost Sharing obligations in the exceptional cases where they are needed.

B. Persons Affected

This policy applies to:

1. All individuals, approving, or reviewing proposed or actual costs on sponsored projects, including without limitations:

    a. Principal Investigators/Project Directors

    b. Administrators responsible for approving Effort Commitments (e.g. chairs, deans, or directors)

    c. The Office of Research and Sponsored Projects

    d. Grants and Contracts Accounting

2. All federal and non-federal sponsored projects in order to maintain consistency in the treatment of Cost Transfers.

C. Policy

The policy of the University is:

1. To follow the requirements set forth by The Office of Management and Budget ("OMB") Circular A-110, entitled *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C, Section 23. According to these requirements, all Cost Sharing (federal and non-federal) must:

    a. Be necessary and reasonable for proper and efficient accomplishment of project objectives;

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b. Be readily verifiable from the University's official records;

c. Not be paid by the federal government under another reward (except where authorized under federal statute to be used for Cost Sharing);

d. Not be already committed as Cost Sharing for any other sponsored award; and

e. Be allowable under applicable cost principles, such as OMB Circular A-21.

2. Voluntary cost sharing is discouraged by the University especially the cost sharing of University buildings or building space and equipment.

   However, some agencies expect some Cost Sharing commitment to be identified in the proposal. If voluntary Cost Sharing is delineated in the proposal, it will become legally binding Cost Sharing if accepted by the sponsoring agency as a part of the award (grant or contract).

3. For both mandatory and voluntary Cost Sharing, when a notice of grant award is received in which Cost Sharing was proposed and accepted by the agency, the Cost Sharing becomes a binding commitment that must be provided and tracked in a consistent manner across the University. Additionally, these forms of Cost Sharing must be included in the appropriate direct cost base in the facilities and administrative rate proposal.

4. Effort commitments used as mandatory or voluntary committed Cost Sharing must only be used once and not be used against multiple Sponsored Projects.

D. <u>Definitions</u>

1. *Sponsored Project.* A project funded by an award from a grant, contract, or agreement under which the University agrees to perform a certain scope of work, according to specified terms and conditions, for a specific budget and period.

2. *Cost Sharing.* The mandatory or voluntary commitment of University resources contained in the proposal or award. It is a commitment to incur costs that the University will fund for a sponsored project, rather than the sponsor. The concept of matching is synonymous with Cost Sharing. It includes contributed

effort, matching funds, and unrecovered facilities and administrative (F&A) costs also known as indirect costs.

3. *Institutional Base Salary (IBS).* The total guaranteed annual compensation an individual receives from the University, whether the individual's time is spent on research, teaching, or other activities. The IBS shall be used to compute salaries charged as reimbursable costs or Cost Sharing on sponsored projects unless sponsored policies further limit salary charges. IBS includes compensation for instruction, public service, research, and/or other activities. IBS excludes: fringe benefit payments; reimbursed expenses; temporary, supplemental compensation for incidental work; income earned outside of duties to the University; and any portion of compensate deemed to be at-risk.

   Salaries for nine-month appointment periods shall be annualized to twelve months to determine Institutional Base Salary.

4. *Principal Investigator (PI) or Project Director (PD).* The individual who will direct the project and who is designated by the University as responsible for completing it as agreed upon.

5. *Mandatory Cost Sharing.* Legally required by the awarding agency as a condition of the award.

6. *Salary Cap Cost Sharing.* If an individual's compensation is funded by a sponsored project and his or her Institutional Base Salary exceeds a sponsor's salary cap, the prorated excess is a form of mandatory Cost Sharing that must be funded by an appropriate and allowable source.

7. *Voluntary Cost Sharing.* Not required by the awarding agency as a condition of the award.

E. <u>Responsibilities</u>

1. The primary department with which the sponsored program or project is affiliated is ultimately responsible for meeting Cost Sharing commitments.

2. The Office of Research and Sponsored Projects has responsibility to verify that Cost Sharing is included in project proposals only where necessary, 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 the University.

3. Grants and Contracts Accounting is responsible for tracking and valuing Cost Sharing, and preparing annual reports of Cost Sharing for use by the University's administration and in the preparation of facilities and administration indirect cost rate proposals.

4. The Associate Vice President for Research and Sponsored Projects is responsible for developing, implementing and maintaining procedures associated with this policy.

F. Procedures

1. If a proposal includes any Cost Sharing, then it must be identified on the Proposal/Award Authorization Form and the Proposal/Award Cost Sharing/Matching Funds Recap required by the Office of Research and Sponsored Projects.

   The full uncapped Institutional Base Salary (IBS) is to be included in the IBS section of proposals. The requested salary is based on the lower of the applicable salary cap or the University IBS at the appropriate level of Effort.

2. These forms include approvals by the Principal Investigator or Project Director, Chairperson, Dean/Director, and the Office of Research and Sponsored Projects.

3. Approval of Cost Sharing on these forms constitutes a commitment to provide those funds over the life of the award.

4. Cost Sharing in the form of contributed effort must be identified on the Effort Certification.

G. Review

The Divisional Head for this policy is the Provost and this policy shall be reviewed every five years or sooner if necessary by the following Stakeholders:

1. Vice Provost for Research and Sponsored Projects – Senior Reviewer
2. Council of Deans

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3. Faculty Senate Chair
4. Staff Senate Chair
5. Student Government Association President
6. Sponsored Projects
7. Supervisor Grants and Contracts
8. Comptroller
9. Executive Director CoServe
10. Director GearUp Project
11. Director CASP