

**Policy: Cost Sharing**

Policy Number: F/UNTHSC/RES/OGCM-022

Scope: All Researchers

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Cost sharing is defined as program or project costs not supported by the sponsoring agency. Cost sharing includes contributed effort, matching funds, and unrecovered facilities and administrative costs (F&A aka indirect costs). OMB Circular A-110 entitled "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations", Subpart C, Section 23, requires that all cost sharing (federal and non-federal) must:

- Be necessary and reasonable for proper and efficient accomplishment of project objectives;
- Be readily verifiable from the university's official records;
- Not be paid by the federal government under another award (except where authorized under federal statute to be used for cost sharing);
- Not be already committed as cost sharing for any other sponsored award; and
- Be allowable under applicable cost principles.

There are two types of cost sharing: mandatory cost sharing and voluntary cost sharing. "Mandatory cost sharing" is cost sharing that is legally required by the awarding agency as a condition of the award. "Voluntary cost sharing" is not required by the awarding agency as a condition of the award. However, some federal agencies expect some cost sharing commitment to be identified in the proposal. If voluntary cost sharing is included in the proposal, it will become legally mandatory cost sharing if accepted by the sponsoring agency as a part of the award (grant or contract).

On January 5, 2001, the Office of Management and Budget (OMB) issued a policy statement clarifying the OMB Circular A-21 treatment of "Voluntary Uncommitted Cost Sharing." Voluntary Uncommitted Cost Sharing is defined by OMB as university faculty effort that is over and above that which is committed and budgeted for in a sponsored agreement. This differs from mandatory or voluntary committed cost sharing which is cost sharing specifically pledged in the proposal's budget or award.

Voluntary committed cost sharing and voluntary uncommitted cost sharing are discouraged by UNTHSC especially the cost sharing of UNTHSC buildings or building space and equipment. Cost sharing in the form of contributed effort must be identified on the Personnel Activity Reports.

The primary department with which the sponsored program or project is affiliated is ultimately responsible for meeting cost sharing commitments. If a proposal includes any cost sharing, then it must be identified on the External Proposal Transmittal Form (OR blue routing sheet) and the Cost Sharing Authorization form required by the Office of Research. These forms include approvals by the Principal Investigator, Chairperson,

Dean/Director, and the Associate Vice President for Research. Approval of cost sharing on these forms constitutes a commitment to provide those funds immediately upon award.

The Associate Vice President for Research through the Office of Grant and Contract Management is responsible for developing, implementing, and maintaining procedures associated with this policy. The Office of Grant and Contract Management will require the PI to identify the account(s) and/or type of costs(s) to be used for cost sharing at the time an award is received.