



<b>POLICY TITLE</b>	Cost Sharing for Sponsored Agreements	<b>Policy Number</b>	139
<b>Section</b>	Governance, Organization, and General Information	<b>Approval Date</b>	March 19, 2009
<b>Subsection</b>	Publications, Reports, Research, and Records	<b>Effective Date</b>	March 19, 2009
<b>Responsible Office</b>	Office of the Provost/Academic Affairs		

### 1.0 PURPOSE

1.1 The University may provide resources in a “cost-sharing” arrangement to support sponsored projects (e.g., grant, contract, cooperative agreement, etc.). This policy establishes a process to ensure that all cost sharing is proposed, approved, administered, and accounted for in a consistent and reasonable manner.

### 2.0 REFERENCES

2.1 Office of Management and Budget (OMB) Circular A-21 *Cost Principles for Educational Institutions*

2.2 Office of Management and Budget (OMB) Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*

2.3 Utah Board of Higher Education Policy R532 *Acceptance and Approval of Contracts and Grants*

2.4 UVU Policy 641 *Salaried Faculty Workload–Academic Year*

### 3.0 DEFINITIONS

3.1 **Allocable cost:** A cost for which the benefit to a specific project or sponsored agreement is documentable and verifiable.

3.2 **Allowable cost:** A cost charged to a sponsored program that, under federal regulation or sponsor requirement, is considered to be reasonable, allocable, and consistently treated.

3.3 **Cost sharing:** A commitment made by the University to fund a portion of the total cost of a sponsored program.



**3.4 Direct cost:** A cost that directly benefits and is specifically associated with a sponsored project or program.

**3.5 Facilities and Administrative Cost (F&A or indirect costs):** A cost incurred in support of a project or program that does not directly benefit and is not specifically associated with a sponsored project or program. F&A costs include such items as utilities and other physical plant costs and certain general expenses that are to some degree attributable to the project or program.

**3.6 Sponsored program:** Contracts, agreements, or gifts to support research, scholarly, or creative activities; programs of service; or projects involving funds, materials, other forms of compensation, or exchanges of in-kind items or efforts from government and private or corporate foundation sources external to the institution (not to include state appropriations, donations from individuals, or donations from corporate entities that are not corporate foundations). Typical funding mechanisms include, but are not limited to: awards, contracts, cooperative agreements, or congressional appropriations, from federal, state, or local government entities, or from private or corporate foundations.

**3.7 Time and effort:** Compensated time spent, expressed as a percentage, of an individual working on a sponsored project or program. It must be certified that the salary paid (or the commitment) is reasonable in relation to the effort (activity) devoted to the award.

## 4.0 POLICY

**4.1** The University provides cost sharing only when required by sponsored program guidelines or when delineated in a specific program.

**4.2** Cost sharing must be approved by the department or unit head responsible for the budget, the Vice President of Planning, Budget, and Human Resources, and the respective vice president or their designee, prior to submission of a sponsored project or program application to a potential sponsor.

**4.3** Cost sharing must be verifiable and fully documented in the University's accounting records in accordance with government or sponsor regulations.

**4.4** Cost incurred by the university to fulfill cost sharing pledges or commitments must coincide with the budget period of the sponsored award.

## 5.0 PROCEDURES

### 5.1 Pre-Award

#### 5.1.1 Proposing a Cost Sharing Commitment



**5.1.1.1** The Office of Sponsored Programs will review the sponsored program's requirement for cost sharing and the principal investigator's or project director's proposed commitment (included in the proposed budget, budget justification and/or budget narrative documents) for eligibility prior to submission to the sponsoring agency. For expenses to be eligible for cost sharing, costs must be **all** of the following:

- 1) Allowable and allocable under federal cost principles and the terms of the sponsored agreement;
- 2) Necessary, reasonable, and directly related to the project objectives;
- 3) Verifiable and accounted for in the University's accounting records; and,
- 4) In the case of labor costs, certifiable in the University's time and effort planning and certification process.

**5.1.1.2** The costs must **not** be any of the following (unless specifically approved by the sponsor):

- 1) Included as cost sharing for any other sponsored project;
- 2) Payable by the same sponsoring agency under another award;
- 3) Payable by a different sponsoring agency within the same governmental jurisdiction under another award (e.g., federal funds must not be used for cost sharing on another federal project);
- 4) Costs that are not allowable as direct charge on the award (for example, administrative salaries, services, and supplies, or salary amounts in excess of the agency cap);
- 5) Cost overruns (e.g., operating cost exceeding original estimate);
- 6) Existing equipment made available for but not dedicated to the performance of the sponsored agreement;
- 7) Any unallowable costs as defined by the Office of Management and Budget and/or other applicable federal or sponsor guidelines.

**5.1.1.3** Cost sharing must meet the same criteria as direct costs. In addition to specific costs that are unallowable according to the federal Office of Management and Budget, the following types of cost sharing are unallowable: double counting (e.g., applying the same cost(s) to more than one award), expenditures incurred prior to award start date; and lack of a clear relationship between the cost(s) and the project or agreement.

## **5.1.2 Use of Time and Effort as Cost Sharing**

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**5.1.2.1** There will usually be some level of a faculty's time and effort directly designated for cost sharing to a sponsored project. For effort to be considered as covered under a sponsored agreement, it must be quantified in the proposal narrative, budget, and/or budget justification. The amount of the effort must be realistic and should be determined on a project-by-project basis. The total of one's effort, including other university duties, must not exceed 100 percent. In the case of faculty, the effort must be represented on the faculty member's workload document consistent with the effort.

**5.1.2.2** In determining the appropriate level of effort subject to cost sharing, investigators should consider the following:

- 1) The sponsor's requirement for cost sharing, if any;
- 2) The percentage of time spent on other sponsored projects;
- 3) The amount of effort devoted to other functions such as teaching, administrative duties;
- 4) Whether the project involves a co-principal investigator or co-project director;
- 5) The size of the project.

### **5.1.3 Use of Facilities & Administrative Costs (F&A or Indirect) as Cost Sharing**

**5.1.3.1** Use of F&A (indirect) costs for meeting cost sharing commitments is typically unallowable unless specifically identified in the proposal narrative, budget, and/or budget justification and accepted (or not specifically disapproved) by the sponsor. F&A costs may be calculated and claimed as cost sharing, if not prohibited by the sponsor, on overhead bearing direct costs that are allowable and documented as cost sharing (effort, supplies, current services, etc.).

**5.1.3.2** Cost sharing may consist of direct or unrecovered indirect expenses (i.e., waived or reduced indirect cost rate). When direct expenses are subject to cost sharing, the associated indirect costs are automatically subject to cost sharing.

**5.1.3.3** Cost sharing in the form of waived or reduced F&A costs is the difference between the applicable university F&A cost rate and the F&A cost actually awarded by the sponsor. Waived F&A costs, if allowed by the sponsor, will be calculated on the University's negotiated federal rate.

## **5.2 Post Award**

### **5.2.1 Confirming Cost Sharing at the Start of a Project**

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**5.2.1.1** Upon receipt of official notice from the Office of Sponsored Programs of a new award, the Compliance Officer will review each project for cost sharing requirements.

**5.2.1.2** If cost sharing is required, a cost sharing confirmation document, with instructions for tracking of cost sharing, will be prepared by the Compliance Officer and sent to the principal investigator, the department or unit head responsible for the budget, the University's Vice President of Planning, Budget, and Human Resources, the respective vice president, and the Sponsored Programs Accountant.

### **5.2.2 Compliance with Cost Sharing Commitment**

**5.2.2.1** Once the award is accepted, failure to comply with the cost sharing commitment made in the proposal may result in a loss or return of project funds as required by federal and/or state regulations. It is the responsibility of the principal investigator and the administrative officer(s) to ensure university compliance with cost sharing regulations and procedures.

**5.2.2.2** Tracking of cost sharing should be done regularly to prevent an over- or under-contribution. If it is anticipated that there will be a significant under-contribution, the principal investigator or department administrator must immediately notify the Compliance Officer and the Sponsored Programs Accountant.

### **5.2.3 Documenting and Reporting Allowable Cost Sharing**

**5.2.3.1** All cost sharing expenditures of a sponsored project must be properly documented and, where possible, recorded in the University's accounting system.

**5.2.3.2** Expenditures documented as cost sharing must be allocable, allowable, necessary, and reasonable for the proper and efficient accomplishment of project objectives according to federal cost principles.

**5.2.3.3** Cost sharing cannot be used or reported more than one time. If cost sharing benefits more than one project, it should be prorated in an equitable manner among the projects (e.g., based on the percentage of each project's cost to total combined project costs).

**5.2.3.4** Unless otherwise authorized, expenditures by the federal government under other agreements may not be used as cost sharing for federal projects.

**5.2.3.5** Mandatory cost sharing must be disclosed in approved budgets when required by the sponsoring agency.

**5.2.3.6** Cost sharing must be incurred during the award period.



**5.2.3.7** Time and effort must be certified at least twice a year as required by the federal government. Time and effort generally includes:

- 1) The effort of university employees for whom the University will fund salaries and related fringe benefits for the time that they work on a sponsored project.
- 2) Significant amounts of time spent on sponsored projects beyond the award requirement.
- 3) Cost sharing performed in order to maintain committed levels of effort on sponsored projects.
- 4) Cost sharing performed in order to meet committed dollar amounts or percent (%) of award amount.
- 5) Any award where there will be direct charges associated with an individual (travel, tuition, etc.).

**5.2.4 Changes in Cost Sharing Commitments**

**5.2.4.1** If changes to the amount pledged for cost sharing are required, or in the cost sharing sources identified once an award is received, a revised cost sharing plan should be submitted to the Office of Sponsored Programs and the Compliance Officer for concurrence, and then forwarded to the awarding agency for approval, if required.

**5.2.5 Close Out of Sponsored Program including Cost Sharing**

**5.2.5.1** Ninety days prior to the expiration of a sponsored program, the administrators should begin to monitor cost sharing and other account activity more closely to determine actions that will be needed prior to expiration (i.e., requesting a no-cost extension, processing appointment forms to move payroll charges to new accounts, reviewing ledgers for outstanding entries, etc.). Preparations should begin for final reporting at this time. Sponsored program administrators are encouraged to work closely with the Compliance Officer and the Sponsored Programs Accountant on close out procedures.

**5.2.5.2** Final closeout must be completed within the guidelines of the sponsor. Closeout will typically be required no more than 90 days after expiration.

<b>POLICY HISTORY</b>		
July 23, 2019	Non-substantive change: Updated “Responsible Office” field.	UVU Policy Office
March 19, 2009	Approved.	UVU Board of Trustees



# UTAH VALLEY UNIVERSITY

## Policies and Procedures

Sep. 28, 2023	5.1.3 Changed “1) Double counting (e.g., applying the same cost (s) to more than one award); 2) Expenditures incurred prior to award start date; 3) Lack of a clear relationship between the cost(s) and the project or agreement.” to “1) Double counting (e.g., applying the same cost(s) to more than one award); 2) Expenditures incurred prior to award start date; and 3) Lack of a clear relationship between the cost(s) and the project or agreement.”	UVU Policy Office
Sep. 28, 2023	3.4 Removed extra hard return after the paragraph	UVU Policy Office
Sep. 28, 2023	2.3 Changed “Utah State Board of Regents’ Policy R532” to “Utah Board of Higher Education Policy R532”	UVU Policy Office
Sep. 28, 2023	5.2.5.2 Changed “close out must be completed” to “closeout must be completed” – removed extra space	UVU Policy Office