

FLORIDA STATE UNIVERSITY

POLICY 7A-4

COST SHARING POLICY

Responsible Executive: Gary K. Ostrander, Vice President for Research

Approving Official: Gary K. Ostrander, Vice President for Research

Effective Date: May 1, 2006

Revision History: New: July 1, 1998

Revised: January 12, 2010 and April 21, 2010

Readopted: August 1, 2014

I. Introduction

The policy of the University is to make a cost sharing commitment only when required by the sponsor or by the competitive nature of the award and then to cost share only to the extent necessary to meet the specific requirements of the sponsored project.

Should a PI have reason to request an exception to this policy, his or her chair or director must approve the request. The PI will then forward it for approval to his or her dean, or to the University official who oversees the PI's unit. Only after the PI's proposal has been thus reviewed and approved, may the PI present his or her request to the Vice President for Research.

All cost sharing will be adequately documented.

II. Policy

*Applicability:* This policy applies to all sponsored agreements, federal and non-federal. For purposes of this policy, the term "federally sponsored agreement" includes agreements received directly from federal agencies as well as federal flow-through funds received by FSU from other organizations.

**BACKGROUND AND PURPOSE**

- The purpose of this policy is to define cost sharing and set for the University's position relative to sharing the cost of sponsored projects. In addition, this policy provides University staff with guidance to assure compliance with federal requirements.

- The basic regulations for determining the costs of federally sponsored agreements at educational institutions are set forth in Office of Management and Budget (OMB) Circular A-21: Cost Principles for Educational Institutions.
- Effective May 8, 1996, Circular A-21 was revised to incorporate four Cost Accounting Standards (CAS) applicable to educational institutions. These were issued for contracts by the Cost Accounting Standards Board (CASB), and the A-21 revision extended the standards to all sponsored agreements. The A-21 revision also requires large institutions (including FSU) to disclose their cost accounting practices by the submission of a disclosure statement (DS-2) prescribed by CASB.
- The four Cost Accounting Standards are:

CAS 501 - Consistency in Estimating, Accumulating, and Reporting Costs

CAS 502 - Consistency in Allocating Costs Incurred for the Same Purpose

CAS 505 - Accounting for Unallowable Costs

CAS 506 - Cost Accounting Period

- Other cost sharing references include:

Office of Management and Budget Circular A-110, C.23

National Science Foundation, Grant Policy Manual, Section 330

Public Health Service, Grants Policy Statement (1994), Section 6

## **DEFINITIONS**

**Costing sharing** or **matching** is that portion of project costs not borne by the sponsor.

- *A cost sharing commitment* means any cost sharing included and quantified (e.g., % of effort and/or dollar amount) in the proposal budget, proposal narrative or award document. The award document may incorporate the commitment directly or by reference to the proposal. Commitments must be authorized by the department chair, dean and Division of Sponsored Research prior to submitting the proposal.
- *Project enhancement* means describing "resources that are available" for the project but are not quantified in the proposal budget, narrative or transmittal letter. This is not considered a cost sharing commitment.

## **REQUIREMENTS**

1. Costs must be classified and treated as cost sharing when any of the following conditions are met:

- Cost sharing is included in the proposal when the sponsor requires cost sharing as a condition of applying for an award.
- Cost sharing is included in the proposal because the University chooses to demonstrate commitment to a project for competitive purposes. Once a proposal containing such a commitment is funded by a sponsor, it is considered binding by some sponsors.
- The sponsor does not fund the project at the level requested and the full amount is required to accomplish the scope of work. University resources are committed to the project.
- An overrun occurs on a sponsored agreement and the overrun is covered by the University. The overrun must be identified as cost sharing in the University accounting system.
- Effort or other resources are expended in the performance of a project, even though a commitment was not made in the sponsored agreement proposal.

2. The principal investigator should carefully consider the amount of cost sharing that is required, as well as the difficulty involved in documenting cost sharing before including cost sharing in the proposal. Unfulfilled cost sharing commitments, or lack of documentation, may result in a reduction of costs allowed against the sponsored project, thus necessitating a refund to the agency and a charge to the department not meeting the required cost sharing.

3. Cost sharing on Federal awards must meet the following criteria:

- Are allowable according to the principles of OMB Circular A-21;
- Are directly related to the project objectives;
- Are not included as cost sharing for any other federally-assisted project; and
- Are not paid by the Federal government under another award, except where authorized by Federal statute.

4. Cost sharing criteria for non-federally sponsored awards will be in accordance with sponsor requirements.

5. Cost sharing must be documented in the official records of the University. The Division of Sponsored Research will report cost sharing to sponsors according to sponsor requirements.

## **CATEGORIES OF COST SHARING**

### ***A. UNIVERSITY CONTRIBUTIONS***

#### **1. Unrecovered Indirect Costs.**

- Any difference between the University's negotiated indirect cost rate and the rate funded by the sponsor represents cost sharing in the form of unrecovered indirect costs.
- The approval of the Vice President for Research is required if an indirect cost rate lower than the university applied rate is proposed.
- In some cases, sponsor approval is required when using unrecovered indirect costs to meet a cost sharing obligation.

**2. Salaries and wages**, including all related fringe benefits, paid from non-sponsored accounts (such as E&G and SRAD). This type of cost sharing is documented through OMNI's Faculty Assignments, Commitments, and Effort Certification Tracking (FACET) system.

**3. Other direct costs** paid from non-sponsored accounts. These expenses should be accumulated in a separate "sub" or "match" account, and should be documented the same way as costs charged to sponsors (e.g. invoices, travel authorizations, etc.)

**4. Equipment** paid from non-sponsored accounts. Proposing the purchase of equipment as University cost sharing should be carefully weighed as there are cost/benefit issues to be considered. The indirect cost rate includes an allowance for equipment purchased with non-federal funds. When an item is cost shared on a federally funded project, the University must document the item as cost shared equipment in the University property system. If cost shared equipment is fabricated or purchased in multiple increments, a "sub" or "match" account might be appropriate.

## ***B. NON-UNIVERSITY CONTRIBUTIONS***

The value of contributions in the form of real property, equipment, supplies and other expendable property, or the value of goods and services directly benefiting a project which are contributed by a third party are third party in-kind contributions. To be eligible as cost sharing on federally funded projects, third party in-kind contributions must meet the same criteria as specified in Section IV.3 above. Third party contributors named in a proposal are required to submit a commitment form at the proposal stage and, periodically during the award period, documentation supporting the contribution to the project.

## **ADDITIONAL GUIDANCE**

Refer to the [\*Campus Costs Sharing Procedures\*](#) for detailed business processes related to cost sharing.

### **III. Legal Support, Justification, and Review of this Policy**

- The basic regulations for determining the costs of federally sponsored agreements at educational institutions are set forth in Office of Management and Budget (OMB) Circular A-21: Cost Principles for Educational Institutions.
- Effective May 8, 1996, Circular A-21 was revised to incorporate four Cost Accounting Standards (CAS) applicable to educational institutions. These were issued for contracts by the Cost Accounting Standards Board (CASB), and the A-21 revision extended the standards to all sponsored agreements. The A-21 revision also requires large institutions (including FSU) to disclose their cost accounting practices by the submission of a disclosure statement (DS-2) prescribed by CASB.
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Fla. Stat. 1004.22. These policies will be reviewed when changes are necessary.

Gary K. Ostrander, Vice President for Research

August 1, 2014