

**FLORIDA STATE UNIVERSITY**

**COST SHARING PROCEDURES**

(Last updated 05/26/2015; ejwheeler)

IMPORTANT: Please refer to the University's Policy on Cost Sharing at <http://www.research.fsu.edu/media/1458/policy-7a-4.docx> for additional information.

In this document, "SRA" refers to Sponsored Research Administration, "Pre-Award" refers to Sponsored Research Administration Pre-Award and "Post-Award" refers to Sponsored Research Administration Post-Award.

***Potential Sources of Cost Sharing***

- E&G Funds
- C&G SRAD Funds under Fund 550 or 560 for any cost category
- Expenditures on a C&G external Sponsored Project
- Graduate Tuition Waivers from College/School Allocation
- Program Income
- Contributed F&A (F&A associated with cost-shared direct costs)
- Waived F&A (F&A associated with sponsor-funded direct costs when sponsor does not pay full negotiated F&A Rate.)
- Third Party Contributions
- FSU Research Foundation
- FSU Foundation
- FSU Auxiliary Funds (generally 320)

**EFFORT COMMITMENTS THAT ARE NOT TO BE USED AS COST SHARING**

Many proposals contain effort commitments that are not supported by sponsor funding and are not budgeted as cost sharing. In the majority of these cases, a Cost Sharing Commitment Form will not be required, nor will a cost sharing budget be established. It is important to note that if the proposal is awarded, the faculty member and key personnel are committed to providing the level of effort proposed unless sponsor policies permit otherwise. All contributed effort must be documented through OMNI's Faculty Assignments, Commitments, and Effort Certification Tracking (FACET) system.

Notwithstanding the above, in rare circumstances when effort on the project needs to be associated with instruction for credit on the Effort Certification Form, the department would need to submit a Commitment Form and have a cost sharing budget established so that the project can be selected as the funding source of the course section on the Course Schedule Master (CSM).

**PROCEDURES**

For ***proposals***: Effective January 1, 2006, the principal investigator will submit the following to SRA when cost sharing is included in a sponsored project proposal:

1. FSU Cost Sharing Commitment Form, The completed Commitment Form must be submitted with the proposal, or the proposal may not be approved for submission. The form must be signed by all of the authorized signers that are obligating the cost share funds. Instructions are included on the form.
2. A detailed cost share budget, if not already included in the proposal.
3. Other documents noted on the FSU Cost Share Commitment Form instructions, as applicable.
4. If third-party contributions will be included in the proposal, see additional requirements below under the section labeled ***SOURCE: Third Party Contributions***.

For **new awards**: The cost sharing budget should be set up at the same time as the sponsored project budget. Sponsor funds and cost-share funds normally should be spent at the same rate of expenditure. **Therefore, the sponsored project budget shall not be activated until all cost sharing information has been received.** When a new award is received, Pre-Award will discuss the cost sharing requirements outlined below with the department.

## **BUSINESS PROCESSES BASED ON SOURCE OF COST SHARING**

### ***SOURCE: E&G Funds***

When an award is received for a proposal where the source of the cost sharing funds is an E&G fund (*generally 110, 140, 210, 240*), the following procedures should be followed:

1. Pre-Award will ask the department committing the cost sharing funds to provide the chart field combination (DeptID and Fund) of the source of the funds. The amount should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal- or project-year increments as project needs require.
2. Post-Award will create a new cost sharing budget in Commitment Control using the chart field combination of [DeptID of source budget] + [Fund of source budget] + [sponsored project's Project ID]. This will create a new budget in the KKG MCHD and KKGMPAR ledgers, but it will not reduce the E&G budget. It will not be necessary to transfer cash.
3. Post-Award will notify the principal investigator that the cost sharing budget has been established.
4. The department will use the new chart field combination on all financial transactions using the cost share funds, including personnel appointments. As expenditures are made, both the cost share budget and the associated E&G budget will be reduced accordingly.

For **continuation awards**: Pre-Award will contact the department about increasing the cost sharing budget in an amount sufficient to cover the next period. NOTE: If sponsor funds are required to be accounted for separately by budget period, so shall the cost sharing funds be accounted.

For **multi-year awards**: Some sponsors obligate funds covering multiple project years, while cost sharing may be funded on an annual basis. In these cases, Post-Award will contact the department around the anniversary date of the award to arrange additional funding for the cost sharing budget.

### ***SOURCE: Funds from C&G SRAD Fund 550 or 560 for Any Cost Category***

When an award is received for a proposal where the *source* of the cost sharing funds is a Project budgeted under Funds 550 or 560, the following procedures should be followed:

1. Pre-Award will ask the department committing the funds to provide a Journal Transfer (JT) Form. The amount of the transfer should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal or project year increments as project needs require.
2. Post-Award will create a new cost sharing budget in Commitment Control using a chart field combination of [DeptID of the sponsored project] + [Fund 555] + [the sponsored project's Project ID].
3. Post-Award will process the JT Form to transfer cash from the source budget to the new cost sharing budget.
4. Post-Award will notify the principal investigator that the cost sharing budget has been established.
5. The department will use the new chart field combination on all financial transactions using the cost share funds.

For **continuation awards**, Pre-Award will request a Journal Transfer Form (JT) from the department to transfer cash to the cost sharing budget in an amount sufficient to cover the next period. NOTE: If sponsor funds are required to be accounted for separately by budget period, so shall the cost sharing funds be accounted.

For **multi-year awards**: Some sponsors obligate funds covering multiple project years, while cost sharing may be funded on an annual basis. In these cases, Post-Award will contact the department around the anniversary date of the award to arrange additional funding for the cost sharing budget.

**SOURCE: Expenditures on a C&G External Sponsored Project under Fund 520, 521, 523, 524, 530, 531, 540, 546, or 551**

The department will submit documentation with the proposal that specifically identifies the chartfield combination (DeptID, Fund, and ProjectID) of the Project where expenditures will be used as cost sharing. NOTE: Federal funds may not be used as cost sharing for a Federally-supported project (including pass through funding) unless authorized by Federal statute.

**SOURCE: Graduate Tuition Waivers from College/School Allocation**

The college/school committing a waiver allocation as cost sharing to a specific project will be responsible for providing support documentation to Post-Award. Support documentation will consist of a list of students provided waivers and the amount of each waiver. Post-Award will verify the information against the University's tuition waiver database. Waivers used as cost sharing for one project may not be used as cost sharing for any other project.

**SOURCE: Program Income**

Follow the procedures established under *Expenditures on a C&G Project under Fund 520, 521, 523, 524, 530, 531, 540, 546, or 551*.

**SOURCE: Contributed F&A (F&A associated with cost-shared direct costs)**

OMNI automatically tracks this cost item.

**SOURCE: Waived F&A (F&A associated with sponsor-funded direct costs when sponsor does not pay full negotiated F&A Rate.)**

OMNI automatically tracks this cost item.

**SOURCE: Third Party Contributions**

Third Party - Any individual who is not an FSU employee or any non-FSU organization.

Third Party Cost Sharing - The two types of third-party cost-sharing contributions are:

1. **Cash Contribution**: Actual cash outlays contributed (wages, rental expenses, travel expenses, purchase of material and supplies, etc.) as a direct benefit to the project, that were paid by the Contributor from non-Federal funds.
2. **In-Kind Contribution**: Non-cash contributions (volunteer services, other donations) that are a direct benefit to the project. Specific procedures are outlined as follows to establish the value of in-kind contributions.
  - a. **Valuation of volunteer services**. Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor.
    - i. **Volunteer services provided by individuals**. Rates for volunteers should be consistent with those paid for similar work at FSU. In those instances in which the required skills are not found at FSU, rates should be consistent with those paid for similar work in the labor market in which the contributor competes for the kind of services involved.

ii. **Volunteers employed by other organizations.** When an employer other than FSU furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

b. **Valuation of donated, expendable personal property.** Donated, expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the current market value of the property at the time of the donation.

c. **Valuation of permanently donated, non-expendable property.** Donated, non-expendable property includes equipment, buildings, land, etc. Consult FSU Property Services for the proper method of accounting.

d. **Use of space.** The value of donated space shall not exceed the fair rental value as established by an appraisal of comparable space and facilities in a privately-owned building in the same locality.

e. **Loaned equipment.** The value of loaned equipment shall not exceed its fair rental value.

### **Proposals that include Third-Party Cost Sharing**

When a third party agrees to donate any goods or services in support of an FSU project, this contribution is generally referred to as third-party cost sharing. Examples of goods or services are shown above.

When third-party contributions are committed as cost sharing in a proposal submitted for sponsored funding, a completed **Third-Party Cost Share Commitment Form** should be completed by each contributing individual or organization named in the proposal, and submitted to SRA along with the proposal for final approval. The Third-Party Cost Share Commitment Form may be downloaded from the SRA website at <http://www.research.fsu.edu/contractsgrants/forms.html>. In the event the contributors are not known (e.g., student volunteers), the PI should complete Third-Party Cost Share Commitment Form and sign it indicating the he/she will be responsible for any shortfall of cost sharing required by the sponsor.

When third-party contributions are to be included in a proposal but are not quantified and are not to be used to meet a sponsor's cost sharing requirement, a simple letter of support signed by an authorized official of the contributor will be sufficient.

### **Awards that include Third-Party Cost Sharing**

For Cash Contributions, upon receipt of an award, the Pre-Award/Post-Award and the contributor will come to an agreement on the type of documentation needed based on the types of services or goods to be contributed. This documentation will be provided to the University upon request.

For In-Kind Contributions, the contributors will provide upon request a signed **In-Kind/Third Party Contribution Certification** form reporting the contribution on an after-the-fact basis. This may be downloaded from the SRA website at <http://www.research.fsu.edu/contractsgrants/forms.html>. The contributor should maintain auditable documentation that supports the certified contribution for a period no less than three years from the expiration date of the project.

**If any quantified third-party cost sharing contributions included in an awarded proposal do not materialize, the school, college, or other administrative unit from which the proposal originated will be responsible for ensuring the University meets the full amount of cost sharing required by the sponsor.**

**SOURCE: FSU Research Foundation**

When an award (administered by FSU) is received where the source of the cost sharing funds is an externally-sponsored project administered by the FSU Research Foundation (FSURF), those funds (or a portion thereof) must be transferred to an FSU C&G budget via the use of a letter agreement between FSU and the FSURF. Once the letter agreement is in place, follow the procedures established under *Expenditures on a C&G Project under Fund 520, 521, 523, 524, 530, 531, 540, 546, 547, or 551*. Pre-Award will work with FSURF staff to define the terms of the letter agreement.

When an award (administered by FSU) is received where the source of the cost sharing funds is an internal project (i.e., SRAD, PI Research Support, EPPES, etc), administered by the FSURF, the following procedures should be followed:

1. The department committing the funds will submit an FSURF Payment Request Form to the FSURF. The amount of the payment should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal or project year increments as project needs require.
2. FSURF will provide a copy of the Payment Request Form and a check for the payment to Post-Award for deposit. Post-Award will immediately deliver a copy of the Payment Request Form and check to Pre-Award.
3. Post-Award will create a new cost sharing budget in Commitment Control using a chart field combination of [DeptID of the sponsored project] + [Fund 555] + [the sponsored project's Project ID].
4. Post-Award will notify the principal investigator that the cost sharing budget has been established.
5. The department will use the new chart field combination on all financial transactions using the cost share funds.

For **continuation awards**: Pre-Award will ask the department to submit another Payment Request Form to the FSURF in an amount sufficient to cover the next period.

For **multi-year awards**: Some sponsors obligate funds covering multiple project years, while cost sharing may be funded on an annual basis. In these cases, Post-Award will contact the department around the anniversary date of the award to arrange additional funding for the cost sharing budget.

**SOURCE: FSU Foundation**

When an award is received for a proposal where the source of the cost sharing funds is a project administered by the FSU Foundation (FSUF), the following procedures should be followed:

1. The department committing the funds will submit the following information to the FSUF:
  - a. Memo requesting establishment of an SRA cost share budget;
  - b. FSUF Disbursement Request Form. The amount of the payment should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal or project year increments as project needs require.
  - c. SRA Budget Summary Form
1. The FSUF will send the authorized Budget Summary Form and a check to Post-Award. Post-Award will immediately deliver the Budget Summary Form and a copy of the check to Pre-Award.
2. Post-Award will create a new cost sharing budget in Commitment Control using a chart field combination of [DeptID of the sponsored project] + [Fund 555] + [the sponsored project's Project ID].
3. Post-Award will notify the principal investigator that the cost sharing budget has been established
4. The department will use the new chart field combination on all financial transactions using the cost share funds.

For **continuation awards**, Pre-Award will ask the department to submit another request to the FSUF for an amount sufficient to cover cost sharing commitments during the next period.

For **multi-year awards**: Some sponsors obligate funds covering multiple project years, while cost sharing may be funded on an annual basis. In these cases, Post-Award will contact the department around the anniversary date of the award to arrange additional funding for the cost sharing budget.

### **SOURCE: Auxiliary Funds**

In rare circumstances, funds from a departmental auxiliary (account) budget may be used to provide cost sharing. There are three basic types of auxiliary budgets: 1) Enterprise Auxiliary, (2) Other Activity Auxiliary, and (3) Service Department or Recharge Center Auxiliary. According to the FSU Budget Office, only Enterprise Auxiliary funds may be used as cost sharing. Pre-Award will assist in determining if such funds would be allowable and/or appropriate to be used as cost sharing. If the auxiliary funds are determined to be acceptable as cost sharing, Pre-Award will work with the department on setting up a cost share budget, including moving the cash from the Auxiliary fund to the C&G fund, via a journal entry using appropriate transfer accounts.

### **BUDGETING MULTIPLE SOURCES OF COST SHARING**

Frequently, cost sharing is provided by more than one type (source) of funds. It may not be necessary to have a separate cost sharing budget for each source. For instance, all funds coming from SRAD, FSURF, and FSUF, may be combined into one budget under Fund 555. However, E&G funds must be budgeted separately. Post-Award will determine appropriate budgeting method.

### **SPONSOR-IMPOSED SALARY CAPS**

For several years, the Federal Consolidated Appropriations Act has limited the rate at which salaries can be directly charged to contracts and grants funded by certain agencies of the U.S. Department of Health and Human Services (DHHS). The Act states:

*“None of the funds appropriated in this Act for the National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level 1.”*

This restriction is generally referred to as the “NIH Salary Cap.” The current fiscal year’s cap can be found on the [Facts Sheet](#) on the SRA website. A complete list of agencies to which this limitation applies is on Appendix A of this document.

In cases where the employee’s rate of pay exceeds the limits imposed by the Act, a portion of the funding must be provided by a non-sponsored source of funds. To account for this funding, a separate chartfield combination will be established by Post-Award which will use the same project ID as the NIH award, but will reflect fund 556. Fund 556 has been created specifically to account for cost sharing related to salary caps. The department will be required to provide the source of the non-sponsored funds to cover the amount to be charged to fund 556. The employee’s appointment will reflect both the amount to be directly charged to NIH and the amount to be charged to the 556 combination. Post-Award will ensure that other appropriate accounting entries are made.

The following process should be used to determine how much should be charged to the Fund 556 (the over-the-cap funding) combination:

FY09 NIH Salary Cap	\$196,700.00/12 mo.	\$94.57/hr	
Employee's Salary	\$197,462.16/12 mo.	\$111.33/hr	
Funding From NIH Project	12%	\$13.36	(1)
Federal Limit	10%	\$11.35	(2)
Non-sponsored funds	2%	\$ 2.01	(3)

**CALCULATION OPTION #1** – calculates 25% of 12 month appointment.

- (1) 12% is the level of effort that the employee plans to commit during the period.  $12\% \times \$111.33 = \$13.36$  per hour that will be devoted to this project.
- (2) However, because the salary is higher than allowed, calculate the federal limit.  $12\% \times \$94.57 = \$11.35$  per hour that can be charged directly to this project. ( $\$11.35 / \$111.33 = 10\%$ )
- (3) That leaves \$2.01 that must be charged from a non-sponsored source of funds. ( $\$2.01 / \$111.33 = 2\%$ )

Therefore, to fund the anticipated 12% effort on the project, the ePAF will show 10% to be direct charged to the project and 2% to be charged to the same Dept/Project with fund 556. (If this fund is not available in HR when you are entering the ePAF, please contact POST-AWARD and they will establish the appropriate chartfield.)

**CALCULATION OPTION #2** – calculates 100% of 3 month appointment

Employee's current 9-month salary = \$148,096.62  $\$148,096.62 / 3 = \$49,365.54 = 100\%$  Summer

$\$196,700.00 / 12 * 3 = \$49,175.00 = \text{max allowed by NIH for 100\% Summer}$

\$49,365.54

- \$49,175.00 allowed to be charged to NIH \$190.54 must be cost shared with non-Federal funds

$\$49,175.00 / \$49,365.54 = 99.6\%$  charged to Federal funds combination using to project and 520 fund.

$\$190.54 / \$49,365.54 = 0.4\%$  charged to cost sharing combo using project and 556 fund.

### **DISPOSITION OF UNUSED COST SHARING FUNDS**

If residual FSU cash remains in a cost sharing budget upon closeout of a project, the cash will be returned to the contributors on a pro-rated basis. If funds came from the FSURF or the FSUF, disposition will be determined upon closeout of the project.

### **CONVERTED FLAIR COST SHARING BUDGETS/PROJECTS**

There will be no changes to the way these project budgets were converted from FLAIR to OMNI. However, these cost share projects should be cross referenced to the appropriate sponsored project and closed out as soon as possible. Transition to the new method of budgeting cost sharing is preferable.

## APPENDIX A

### AGENCIES SUBJECT TO THE NIH SALARY CAP RULE

<b>Customer</b>	<b>Name</b>
651	Agency for Healthcare Research
1137	Substance Abuse and Mental Hea
1419	Uniformed Svcs Univ of Hlth Sci
506	Fogarty International Center
901	National Cancer Institute
903	National Center for Complement
1857	National Center on Minority Health and
898	National Ctr for Research Resources
923	National Eye Institute
939	National Heart Lung Blood Inst
938	National Human Genome Research
915	National Institute for Dental
886	National Institute of Allergy
887	National Institute of Arthriti
900	National Institute of Child He
914	National Institute of Diabetes
408	National Institute of Environm
935	National Institute of General
949	National Institute of Mental H
960	National Institute of Neurolog
1871	National Institute of Nursing Research
885	National Institute on Aging
880	National Institute on Alcohol
913	National Institute on Deafness
911	National Institute on Drug Abu
946	National Institutes of Health
2018	National Library of Medicine
1969	Nat'l Inst. of Biomedical Imaging & Bio