



# Policy and Procedure

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## COST SHARING ON FEDERAL SPONSORED AGREEMENTS

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Origination Date: March 31, 2007

Effective Date: March 31, 2007

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### Policy Statement

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In its capacity as the fiscal and administrative agent for Old Dominion University's sponsored program activities, it is the policy of Old Dominion University Research Foundation that all costs identified as costs shared by the Old Dominion University/Old Dominion University Research Foundation (ODU/ODURF) on federally sponsored projects must be: (1) verifiable from ODU/ODURF's records; (2) necessary and reasonable for proper and efficient accomplishment of the project or program objective; and (3) allowable under the federal cost principles and administrative regulations established in Office of Management and Budget (OMB) Circulars A-21, Cost Principles for Educational Institutions and A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

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### Reason for Policy/Purpose

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Cost sharing describes the portion of the cost of a sponsored project that is borne by ODU/ODURF rather than by the external sponsor. This policy sets forth the criteria for costs to qualify as cost sharing on federally sponsored agreements, in accordance with federal regulations.

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### Who Needs to Know This Policy

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Principal Investigators (PI's), Co-Investigators (Co-PI's), Faculty and Staff Responsible for Sponsored Research

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### Policy/Procedures

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#### Cost Sharing of Direct Costs

Direct costs are those that can be identified specifically to a particular sponsored project, instructional activity, or other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Cost sharing of direct costs occurs when costs are incurred for a sponsored project but paid (funded) from non-federal ODU/ODURF funds rather than from federally sponsored funds.

#### Facilities and Administrative (Indirect) Cost Sharing

Indirect costs are those costs that are incurred for common or joint institutional objectives and therefore cannot be directly attributed to a particular sponsored project, an instructional activity, or other institutional activity. The applicable indirect cost rate negotiated with ODU/ODURF's cognizant federal agency is the standard indirect rate for all covered federally sponsored agreements. Indirect cost sharing occurs when ODU/ODURF agrees to accept less than the federally negotiated indirect cost rate on an award. (NOTE: OMB Circular A-21 currently refers to indirect costs as facilities and administrative (F&A), costs. The two terms may be used interchangeably.)

#### Criteria for Cost Sharing of Direct Costs

All costs used for cost sharing **MUST** be:

- a) allowable in accordance with the principles of OMB Circulars A-21 and A-110; and
- b) allowable in the context of ODURF's policy on Identification and Treatment of Unallowable Costs; and
- c) necessary, reasonable and allocable (i.e., directly related to the project objectives) as specified by OMB Circular A-21; and
- d) verifiable and accounted for in ODU/ODURF's accounting records; and
- e) provided for in the approved budget, when required by the awarding agency.

In addition, cost shared expenses **MUST NOT** be:

- a) expenses that are already committed to or included under another federally sponsored project as cost sharing; and
- b) paid by any federal sponsor under another agreement, unless authorized by federal statute for that purpose and the sponsor approves these costs in writing.

Federal regulations do not allow the following types of expenses to be used as direct cost sharing:

- administrative and clerical staff salaries or wages, including associated fringe benefits, or any other costs that are classified as indirect costs according to OMB Circular A-21.

## COST SHARING ON FEDERAL SPONSORED AGREEMENTS

- salary dollars in excess of statutory or regulatory salary caps, such as the National Institute of Health (NIH) salary cap.
- unallowable costs, as defined by OMB Circular A-21, section J, and other applicable provisions.

### Types of Cost Sharing

#### Mandatory, Committed, and Voluntary Direct Cost Sharing

Cost sharing is classified as either mandatory, committed or voluntary.

- Mandatory Cost Sharing is a firm requirement for cost sharing identified by the sponsor in the program guidelines or other written communication from the sponsor.
- Committed Cost Sharing is an implied willingness for ODU/ODURF to bear certain project costs contained in the proposal submitted to the sponsor. The commitment is not a requirement imposed by the sponsor.

Both mandatory and committed cost sharing must appear in the proposal and award budget. When an award is made, ODU/ODURF is required to document that the amounts specified as cost sharing in the budget have actually been provided. ODU/ODURF expenditures for mandatory cost sharing must also be included in all the financial reports submitted to the sponsor. ODU/ODURF expenditures for committed cost sharing must also be included in the financial reports *if required* by the sponsor. Both mandatory and committed cost sharing necessitate separate tracking in the accounting system, in the effort reporting system (for cost sharing of salaries and wages), and in the indirect cost rate calculation. **Mandatory and committed cost sharing for any sponsored agreement will be accumulated in ODU/ODURF's financial system in a separate "account" that is institutionally funded.** Cost shared expenditures will be accounted for by actual expense.

- Voluntary cost sharing is neither a sponsor requirement nor a ODU/ODURF commitment but represents additional costs incurred by ODU/ODURF beyond the levels in the proposal and/or award documents. Voluntary cost sharing is not specifically quantified in the proposal submitted to the sponsor.
- Federal regulations do not require ODU/ODURF to document voluntary cost sharing.

ODU/ODURF is responsible for providing sponsors with information to prove that all cost sharing requirements and commitments have been fulfilled. To satisfy this requirement, all mandatory and committed cost sharing on sponsored projects must be tracked in the accounting system and be adequately documented.

Proposals submitted to ODURF must indicate the specific funding source(s) that will be used to fund mandatory and committed direct cost sharing included in the proposal budget.

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## Forms

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Proposal budget sheets require the identification of mandatory and committed cost sharing by budget period. The ODURF Proposal Transmittal Form requires the identification of the source of funding for mandatory and committed cost sharing. Appropriate signatures authorizing the commitment must be obtained.

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### Website Addresses for This Policy

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## COST SHARING ON FEDERAL SPONSORED AGREEMENTS

<http://www..researchfoundation@odu.edu>

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### Contacts

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For more information on this policy, please contact Julian F. Facenda, ODURF Director of Finance at 757-683-4293 Ext. 602.

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### Definitions

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<b>Mandatory Cost Sharing</b>	A firm requirement for cost sharing identified by the sponsor in the program guidelines or other written communication from the sponsor
<b>Committed Cost Sharing</b>	An implied willingness for the ODU/ODURF to bear certain project costs contained in the proposal submitted to the sponsor. The commitment is not a requirement imposed by the sponsor.
<b>Voluntary Cost Sharing</b>	Neither a sponsor requirement nor an ODU/ODURF commitment but represents additional costs incurred by the ODU/ODURF beyond the levels in the proposal and/or award documents. Voluntary cost sharing is not specifically quantified in the proposal submitted to the sponsor.

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### Related Information

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[Circular A-21](#)

[Circular A-110](#)

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### Appendices

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OMB Clarification Memorandum on Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs

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### Who Approved This Policy

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Old Dominion University Research Foundation Board of Trustees

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### History/Revision Dates

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