

Cost Sharing on Sponsored Projects

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Definition

- **Organized Research** includes all research and development activities of an institution that are separately budgeted and accounted for that requires a formal application and approval for:
 - **Sponsored Research and**
 - **Institutional Research**

Definitions

- **Sponsored Research** – All research and development activities sponsored by Federal and non-Federal agencies and organizations
- **Institutional Research** – All research and development activities separately budgeted and accounted for under an internal application of Vanderbilt funds

Definition

- **Cost sharing** represents a portion of the total project costs (direct or indirect) of a sponsored agreement borne by the University, (not the sponsor).

Types of Cost Sharing

- **Mandatory cost sharing**

- included in proposal to be considered by the sponsor

- **Voluntary cost sharing**

- resources offered, not specifically required
 - committed (if included in the proposal)
 - uncommitted (if not included in the proposal)

- **Institutional cost sharing**

- aggregate commitment by the University (i.e. NSF)

Mandatory Cost Sharing

- The University's contribution to a sponsored project required by the terms of the project
- The sponsor requires a specified amount of cost sharing

Voluntary Cost Sharing

- Vanderbilt volunteers to cost share a portion of the project expenses.
- Voluntary committed cost sharing is defined as those resources that are committed and budgeted for in a sponsored agreement
- Voluntary uncommitted cost sharing is defined as university faculty effort that is above that committed and budgeted for in the sponsored agreement. *It should not be recorded as organized research*

- In both mandatory and voluntary cost sharing, when an award is received in which cost sharing was proposed, the cost sharing is a binding commitment that the university must provide.
- Failure to properly record cost sharing may result in audit findings leading to disallowances and/or reductions in indirect cost rates during future negotiations

Institutional Cost Sharing

- A requirement of some unsolicited proposals whereby the institution commits that it will use some of its own resources for related research
- The commitment is at the aggregate level between the sponsor and the university (not project specific).
- The National Science Foundation requires institutional cost sharing.

Consequences of Cost Sharing

- Mandatory and voluntary *committed* cost sharing increase the research direct cost base
- If the research direct cost base increases, the F&A rate decreases
- If the F&A rate decreases, our indirect cost revenue, which fund various activities and units within the school, decreases

Formula for Calculating Indirect Cost Rate:

F&A Expenses Allocated to Research Pool
Organized Research Base

Allowable Costs for Cost Sharing

- must be items that meet the A-21 and A-110 definitions for allowability, allocability, reasonableness and consistency
- must be certified in the effort reporting system, if salary costs, and available in the accounting records
- must be necessary and directly related to project objectives

What Can Be Cost Shared?

- Faculty or staff effort, including faculty salaries above the NIH salary cap
- Equipment
- Other direct costs

What Can Not Be Cost Shared?

- Administrative salaries, services and supplies that don't meet the direct cost criteria
- Unallowable costs as defined in A-21 Section J
- University facilities, such as lab space
- Depreciation expense

ACCOUNTING FOR COST SHARING

Effective July 1, 1998 Vanderbilt utilizes designated cost sharing accounts when capturing cost sharing in the accounting system. This accounting method allows departments to cost share from any appropriate cost center.

ACCOUNTING FOR COST SHARING ON THE SPONSORED ACTIVITY

- When a restricted cost center is established by the post award office and cost sharing is a part of the budget, specific cost sharing accounts are activated within the general ledger to record the cost sharing activities. Prorate tables are also set up to process a monthly journal entry to credit the sponsored award and charge the center that is funding those costs.
- As departments charge specific cost sharing accounts for salaries or other expenses on the grant cost center, the accounting system will record a journal entry at month end based on the transactions during that month.
- Exception reports are monitored by the post award offices for any cost sharing charges that were not appropriately transferred to the funding center.
- This ensures that the sponsored award total is net of cost sharing (even though it is recorded on the center) and the funding center charged.

ACCOUNTING FOR COST SHARING IN THE FACILITIES AND ADMINISTRATIVE (F&A) PROPOSAL

- Cost sharing for F&A is included with the sponsored activity for which it is associated. This is accomplished by including in the F&A proposal the original accounts the departments charge. The account numbers used to credit the sponsored award and the contra account numbers used to charge the funding center are excluded from the F&A proposal.
- This ensures that cost sharing is included in the base.

EXAMPLE

Example: Faculty salary and fringe benefits cost shared on a grant.

	<u>Grant</u>		<u>Funding Center</u>
50400	\$ 100	5488x	\$100
59012	\$ 20	5988x	\$ 20
54888	\$(100)		
59888	\$(20)		

The accounts used on the funding center are based on the function of the grant (i.e. research, instruction, or other sponsored projects). See the following slides for accounts.

Cost Sharing Faculty Salary Accounts

	<u>Grant</u>		<u>Funding Center</u>
50400	Cost Sharing Faculty	54886	CS Faculty Salary OSP Contra
50410	Cost Share Res Associate		
50480	Int Consult Fac C/S	54887	CS Faculty Salary INST Contra
		54889	CS Faculty Salary Research Contra
54888 Credit	Cost Share Salary		

Cost Sharing Staff/Student Salary Accounts

Grant

50850	UG C/S Research Asst
50851	UG C/S Res Asst Accr
50852	UG C/S Res Asst OT
50870	G C/S Research Asst
50871	G C/S Res Asst Accr
50872	G C/S Res Asst OT
50890	P C/S Research Asst
50891	P C/S Res Asst Accr
50892	P C/S Res Asst OT
51400	Student Matching
51410	Stdnt Match Comm Svc
51450	UG CS Student Wages
51460	Grad CS Student Wages
51480	Prof CS Student Wages
52180	Int Consult Stf C/S
52700	Staff-Cost Share Wgs
52701	Staff-Cost Share Acc
52702	Staff-Cost Share OT
54888	Cost Share Salary Credit

Funding Center

54896	CS Staff Salary OSP Contra
54897	CS Staff Salary INST Contra
54899	CS Staff Salary Research Contra

Cost Sharing Faculty Fringe Benefit Accounts

Grant Fed Accounts

59402	FBR CS UC Fac/Sr Exmpt
59450	FBR CS Summer Sal
59461	FBR CS MC Nonclinical F/Sr Ex
59462	FBR CS MC A Clinical F/Sr Ex
59463	FBR CS MC B Clinical F/Sr Ex
59464	FBR CS MC C Clinical F/Sr Ex

Funding Center

59886	CS Faculty Fringe OSP Contra
59887	CS Faculty Fringe INST Contra
59889	CS Faculty Fringe Research Contra

Grant Non-Fed Accounts

59702	NF FBR CS UC Fac/Sr Ex
59750	NF FBR CS CS Summer Salary
59761	NF FBR CS MC Nonclinical F/Sr Ex
59762	NF FBR CS MC A Clinical F/Sr Ex
59763	NF FBR CS MC B Clinical F/Sr Ex
59764	NF FBR CS MC C Clinical F/Sr Ex

59888 **Cost Share Fringe Credit**

Cost Sharing Staff Fringe Benefit Accounts

Grant Fed Accounts

59403	FBR CS MC Nonhsp Staff
59404	FBR CS MC Hosp Staff
59405	FBR CS Univ Staff
59406	FBR CS Suppl Pay
59407	FBR CS Part/Temp
59603	FBR CS AC MC Nonhsp Stf
59604	FBR CS AC Hosp Staff
59605	FBR CS AC UC Staff
59607	FBR CS AC Part/Temp

Funding Center

59896	CS Staff Fringe OSP Contra
59897	CS Staff Fringe INST Contra
59899	CS Staff Fringe Research Contra

Grant Non-Fed Accounts

59703	NF FBR CS MC Nonhsp Stf
59704	NF FBR CS Hosp Staff
59705	NF FBR CS Univ Staff
59888	Cost Share Fringe Credit

Cost Sharing Travel Accounts

Grant

62608	Cost Shared Travel
62888	Cost Share Travel Credit

Funding Center

62886	CS Travel OSP Contra
62887	CS Travel INST Contra
62889	CS Travel Research Contra

Cost Sharing Equipment Accounts

Grant

74300	Equipment Cost Share
74888	Cost Share Equipment Credit

Funding Center

74886	CS Equipment OSP Contra
74887	CS Equipment INST Contra
74889	CS Equipment Research Contra

Cost Sharing Graduate Tuition Accounts

Grant

64511	G Oth Tuition AY C/S
64512	G Oth Tuit Sum C/S
64888	Cost Share Student Aid Credit

Funding Center

64556	CS Graduate Tuition OSP Contra
64557	CS Graduate Tuition INST Contra
64559	CS Graduate Tuition Research Contra

Cost Sharing Graduate Non-tuition Accounts

Grant

64521	G Stipends C/S
64530	G Hlth Ins Cov C/S
64533	G Rec Fee C/S
64535	G Activity Fee C/S
64888	Cost Share Student Aid Credit

Funding Center

64886	CS Graduate Non-tuition OSP Contra
64887	CS Graduate Non-tuition INST Contra
64889	CS Graduate Non-tuition Research Contra

Cost Sharing Professional Tuition Accounts

Grant

64611	P Oth Tuition AY C/S
64612	P Oth Tuit Sum C/S
64888	Cost Share Student Aid Credit

Funding Center

64666	CS Professional Tuition OSP Contra
64667	CS Professional Tuition INST Contra
64669	CS Professional Tuition Research Contra

Cost Sharing Professional Non-Tuition Accounts

Grant

64621 P Stipends C/S
64630 P Hlth Ins Cov C/S
64633 P Rec Fee C/S
64635 P Activity Fee C/S

64888 Cost Share Student Aid Credit

Funding Center

64686 CS Professional Non-tuition OSP Contra
64687 CS Professional Non-tuition INST Contra
64689 CS Professional Non-tuition Research Contra

Cost Sharing

Undergraduate Tuition/Stipend Accounts

Grant

64711	UG Oth Tuit AY C/S
64721	UG Stipends C/S
64888	Cost Share Student Aid Credit

Funding Center

64776	CS Undergraduate Tuition OSP Contra
64777	CS Undergraduate Tuition INST Contra
64779	CS Undergraduate Tuition Research Contra

Cost Sharing Other Accounts

Grant

61100	Other Cost Share
63845	Comp Svc-On Camp C/S
69888	Cost Share Other Credit

Funding Center

69886	CS Other OSP Contra
69887	CS Other INST Contra
69889	CS Other Research Contra