



**UNIVERSITY OF NORTH FLORIDA**  
**Office for Research and Sponsored Programs (ORSP)**

**Budget Development Procedure**

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**I. OVERVIEW**

The Office of Research and Sponsored Programs at UNF assists in the development of or, at a minimum, reviews and approves all project proposal budgets prior to submission and acceptance. ORSP provides assistance during the proposal preparation process by helping investigators draft a budget using appropriate calculations for salaries, fringe benefits rates, state travel and equipment rates, and Facilities and Administration (F&A) (indirect cost) rates. ORSP must review all proposal budgets for compliance with funding agency, state and University policies. The review pays particular attention to salaries and fringe benefits, F&A (indirect) costs, cost-sharing requirements, purchase of equipment, and the reasonableness and adequacy of proposed expenses as they relate to the proposal narrative.

The budget describes the costs to be incurred by the program and explains why each is needed. The budget should establish the fiscal feasibility of a program and be aligned with its methodology. Reviewers use the budget as a mutually reinforcing summary of the entire proposal, so considerable thought should go into its preparation. Further, reviewers tend to be knowledgeable of the costs of research and are experienced in estimating time and effort. They examine the budget in the context of the program narrative, evaluate whether sufficient and appropriate personnel to perform the work have been included, and match the overall budget to the work proposed.

Budget requirements may vary widely by type of award, cost reimbursement or fixed price, or by sponsor, federal or private. Most sponsors provide detailed instructions and printed forms for budget preparation. ORSP has expertise in the development of budgets and stands ready to assist in their preparation. ORSP can also supply budget templates to assist those PIs who prefer to prepare their own budgets before conferring further with their RDC.

## II. DEFINITIONS

**Allowable Costs** – OMB Circular A-21 defines allowable costs as those that are:

- Reasonable
- Allowable and allocable to the project
- Given consistent treatment by use of generally accepted accounting principles
- Conform to any limitations or exclusions set forth by the sponsored agreement or OMB Circular A-21

**Approved Budget** – the financial expenditure plan, including revisions, that has been approved by the sponsor and supports the project's activities for a stated period of time.

**Budget** – An estimate of expenditures to be incurred in the performance of a project or statement of work.

**Budget Category** – A portion of the budget designated for certain kinds of expenditures, e.g., salaries, materials and supplies, travel, equipment.

**Budget Justification** – The section of a proposal that explains why the funds listed in the budget pages are being requested.

**Budget Period:** – The interval of time, usually 12 months, into which the project period is divided for budgetary and funding purposes.

Cost Accounting Standards (CAS) – OMB Circular A-21 sets forth the Federal Government's Cost Accounting Standards (CAS) policy. CAS outlines which specific items of cost are customarily treated as direct costs and which are treated as facilities & administrative (indirect) costs. The Federal Government recognizes that certain projects have unusual circumstances or may be major projects that have a scope that makes it reasonable to charge these items directly. OMB A-21 requires universities review these specific instances in order to determine allowability, allocability, and reasonableness of directly charging CAS items.

**Cost Share** – College and non-sponsor resources provided in support of sponsored programs; includes contributed effort and matching funds.

**Direct Costs** – Clearly identifiable costs related to a specific project. General categories of direct costs include but are not limited to salaries and wages, fringe benefits, supplies, contractual services, travel and communication, equipment, and occasionally computer use.

**Effort** – The amount of time, usually expressed as a percentage of the total, that a faculty member or other employee spends on a project. Effort is certified and documented through the Activity Distribution Report (ADR) system. Also called FTE (full time equivalency).

**Employee Related Expenses** – Total project costs related to the employment of project staff. This includes salaries and wages, benefits, and other costs associated with the employment of staff.

**Equipment** – Generally, an article of non-expendable tangible personal property having a useful life of more than two years and an acquisition cost of \$5,000 or more per unit. Equipment is not a replacement part or component returning a piece of equipment to its original condition. If a component increases the capability of the original equipment and has an acquisition cost of \$5,000 or more, it is considered a capital equipment item.

**Facilities and Administration Cost Rates** – The rates used to recover the Facilities and Administration Costs of a sponsored project. Negotiated, approved rates are to be used for all agreements with the federal government and for most non-federal projects, as allowable. Information on current Facilities and Administration Cost rates is available from the Office of Sponsored Projects.

**Facilities and Administration Costs/Indirect Costs** – Also referred to as overhead, overhead costs, or administrative costs. Facilities and Administration Costs are actual costs incurred to conduct the normal business activities of an organization. Facilities and Administration Costs usually cannot be readily identified with or directly charged to a specific project or activity. The normal activities of the College include: instruction and departmental research, organized research, public service, and other institutional activities. Facilities and Administration Costs are real, auditable costs incurred by the College each time it accepts an award for a sponsored project. If the College does not collect full reimbursement for these costs, other College resources must be used to subsidize them.

**Foreign Travel** – Foreign travel includes travel outside of the United States and its territories and possessions (Guam, American Samoa, Puerto Rico, the Virgin Islands, and the Canal Zone) and Canada.

**Fringe Benefits** – Those costs associated with employing staff that are not part of salary. Fringe benefits include such costs as health insurance, retirement benefits, vacation, and federal withholdings.

**Independent Contractor** – Someone who specifically provides professional advice, and are not considered employees of the College. They usually have a separate skill or expertise not available within the College. The need for their services does not commonly extend beyond a limited period of time in which to complete a specifically defined project.

**Indirect Cost Rates** – The rates used to recover the indirect costs of a sponsored project. Negotiated, approved rates are to be used for all agreements with the federal government and for most non-federal projects, as allowable. Information on current indirect cost rates is available from the Office of Sponsored Projects.

**Indirect Costs** – Also referred to as overhead, overhead costs, or administrative costs. Indirect costs are actual costs incurred to conduct the normal business activities of an organization. Indirect costs usually cannot be readily identified with or directly charged to a specific project or activity. The normal activities of the College include: instruction and departmental research, organized research, public service, and other institutional activities. Indirect costs are real,

auditable costs incurred by the College each time it accepts an award for a sponsored project. If the College does not collect full reimbursement for these costs, other College resources must be used to subsidize them.

**In-Kind Contribution** – A non-cash commitment (such as contributed effort, facilities use, or supplies) to share the costs of a sponsored project.

**Matching Funds** – A cash commitment to share the costs of a sponsored project. Funds raised under a matching funds agreement are usually matched ‘dollar for dollar’ by the sponsor.

**Modified Total Direct Costs (MTDC)** – A subset of direct costs, normally excluding costs such as patient care, rental of off-site facilities, tuition remissions, scholarships and fellowships, and equipment over \$2,500, alterations and renovations, and subcontract costs in excess of the first \$25,000, on which Facilities and Administration Costs may be charged. MTDC is established by the Facilities and Administration Cost rate agreement.

**Special Purpose Equipment** – Equipment which can be used only for research, scientific, or other technical activities.

**Subcontract** – A contract issued under a prime contract, agreement, purchase order, or grant for the procurement of purchased program-related tasks. Issuance of subcontracts under federal prime award is subject to compliance with federal law and all subcontracts are subject to the terms and conditions of the prime award and the normal purchasing requirements of UNF.

**Subgrant** – An award of financial assistance in the form of money or property made under a grant by the grantee to an eligible recipient.

**Total Cost** – Dollar amount it will take to complete a proposed project. It includes sum of the direct and Facilities and Administration Costs of a project.

**Total Direct Costs** – The total allowable direct costs incurred by the institution to carry out an approved project or activity.

### **III. WHO IS AFFECTED BY THIS PROCEDURE**

This procedure applies to all new sponsored projects and programs as of March 1, 2012. It should be understood by Principal Investigators (PIs), Department Managers and Staff, Department Chairs, Deans, and the Office of Research and Sponsored Programs.

### **IV. PROCEDURES**

In order to prepare a proposal budget, it is necessary for the PI to understand basic principles regarding the kinds of costs that may be appropriately placed in the proposal. This section provides a brief overview of these cost principles including specific references to standards applicable to federal programs.

## A. Cost Principles

### 1. Federal Sponsors - Cost Principles for Charging Direct and Indirect Costs / OMB Circular A-21

The US Office of Management and Budget (OMB) has issued, in conjunction with college and University representatives, Federal Management Circular A-21, “Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements (“OMB circular A-21”) with Educational Institutions.” This publication identifies allowable direct cost categories and prescribes a standard distribution and allocation method for the recovery of F&A (indirect) costs. Because OMB Circular A-21 also establishes standards for consistency in the treatment of costs for institutional accounting, the OMB Circular A-21 regulations apply to grants, contracts, and other award vehicles accepted by the University. Exceptions to the OMB Circular A-21 principles require the approval of the Assistant Vice President for Research.

Pursuant to OMB Circular A-21, Section C, costs charged to federally sponsored programs must be reasonable, they must be allocable to the particular program charged, they must be allowable charges under applicable federal standards and they must be permitted under the terms of the specific award and charged in a consistent manner, in that similar costs incurred in like circumstances are treated in a similar manner. Following is a brief discussion of each of these concepts as they apply to sponsored programs.

**Reasonable:** According to OMB Circular A-21, a cost is “reasonable” if the nature of the goods or services acquired or applied, and therefore the amount involved, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. In other words, the costs would be considered reasonable for the performance of the work by a prudent person taking the same circumstances into consideration. Among the considerations in evaluating reasonableness are whether the cost is: (1) necessary for the operation of the institution or (2) necessary for the performance of an award and (3) the cost is consistent with institutional policies.

**Allocable:** According to OMB Circular A-21, a cost is “allocable” if the goods or services involved are chargeable or assignable to such cost objectives in accordance with relative benefits received or other equitable relationship. In more simple terms, allocability means that:

- Only expenses that specifically benefit a program can be charged to that program, or
- If an expense benefits more than one program, it is to be allocated among the programs in proportion to the benefit each program receives, or
- It is necessary to the overall operation of the institution and is deemed to be assignable in part to sponsored programs.

**Consistent:** Consistent treatment of costs is a basic cost accounting principle and is required by OMB Circular A-21 to assure that the same types of costs are not charged to federally sponsored programs both as direct costs and as indirect costs. According to OMB Circular A-21, a cost is “consistent” if costs incurred for the same purpose, in like circumstances, are either direct costs only or F&A (indirect) costs only, but not both. That is, charges in like circumstances are treated in like manner as either direct or indirect charges, and such charges are treated the same from one department to the next and all across the University.

As an example of unlike circumstances, an administrative person could be charged as a direct charge if special “unlike” circumstances were present, such as a where a program requires a specific person to be dedicated to it for an administrative purpose, such as a technical typist hired to do specific program tasks, or where the program qualifies as a major program. A “Major Project” For guidance on what constitutes a Major Project, see the appropriate RD.

**Allowable:** The costs charged to an award must be permitted (i.e., “allowable”) under the terms and conditions of the award, UNF’s policies, and OMB Circular A-21 cost principles. In this regard, it is important to recognize that the fact that a cost requested in a budget is awarded as requested, does not confirm a determination of allowability. For example, organizations are responsible for presenting costs consistently and must not include costs associated with their F&A rate as direct costs. A cost could also subsequently be determined to be unallowable because of the category of cost. Examples of budget items that are usually unallowable include: alcohol, entertainment, gifts, unusually high salary increases, and salary greater than any agency salary cap.

Sponsor guidelines determine the proposal budget format, which is generally (but not always) consistent with the University’s expenditure categories. (See appendix for sample budgets.)

## **2. Administrative Costs (Cost Accounting Standards or CAS)**

The federal government does not permit direct charging of costs normally treated as administrative costs to federal grants and contracts, other than in exceptional circumstances where the costs are explicitly budgeted for and justified in the budget justification. Examples of costs normally treated as administrative costs include salaries of administrative and clerical staff, office supplies, postage, local telephone costs, and membership dues. If an investigator wishes to charge administrative costs to the project, the proposal budget must include a detailed line item for each administrative cost. “Other research costs” is not explicit enough. The budget justification must provide a description of the purpose for the administrative cost and an explanation of the benefit to the project. The strength of the justification for the costs will be a determining factor for a sponsoring agency considering a request to include administrative costs in the award budget. In addition, approval must be obtained from the Assistant Vice President for Research prior to the direct charging of items normally excluded.

If the PI is requesting an exemption for administrative/clerical salaries, an explanation must be submitted:

- Describing the circumstances of the project (using the above special circumstances or major project exemptions as a guide) that demonstrates why an exemption should be granted
- Including the name of the employee(s) to be directly charged to the project (if known), the job title, job code, position number, period of time working on the project, and percent effort devoted to the project. Only administrative/clerical positions need to be addressed.
- Listing each employees duties and responsibilities that will advance the distinctive scientific, technical, or programmatic requirements of the work being proposed
- Explaining why such services being provided to the project by administrative/clerical staff are significantly greater than the routine level of such services provided by the academic unit/facilities & administrative returns/university

If the PI is requesting an exemption for any other categories, the explanation should include a:

- Description of the circumstances of the project (using the above special circumstances or major project exemptions as a guide) that demonstrates why an exemption should be granted
- Description of each item being requested, the quantity and amounts required to advance the distinctive scientific, technical, or programmatic requirements of the work being proposed
- Explanation why such items are significantly greater than the routine level of such items provided by the academic unit/facilities & administrative returns/university

The AVPR will use these explanations to determine if an exemption is allowable. This approval can only be granted by the Assistant Vice President for Research or his designee.

## **B. Budget Cost Categories**

### **1. Direct vs. Indirect Costs**

It is important to distinguish between direct and indirect costs when preparing your proposal budget. Direct costs are those costs that can be identified specifically with a particular sponsored project, relatively easily and with a high degree of accuracy. Indirect costs are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project. Examples of direct costs are: salaries and wages, fringe benefits, materials and supplies, travel, consulting services, equipment, subject pay, student support on training grants, and subawards.

## 2. Direct Costs

- **Salaries and Wages**

The Salaries and Wages section of the proposal budget includes the cost of persons paid on UNF payroll for the portion of effort directly related to the project. Key personnel are always identified by name, title, and percentage of effort to be expended on the project. Personnel in other positions may be identified by name, to-be-announced (TBA), or title of job classification.

The principal investigator must commit a reasonable amount of effort consistent with the scope of work and this effort must be included in the proposal even when no salaries are requested. The principal investigator may not need to commit effort on awards that do not require the principal investigator's participation, e.g., equipment and fellowship awards. The minimum allowed FTE for a PI on a project is 1% as it is impossible to conduct any project with no effort at all.

The salaries of administrative and clerical staff are normally not allowed as direct charges to federally sponsored projects, except in unusual circumstances where the project is "major" and the individuals involved can be specifically identified with the project or activity. The circumstances for requiring direct charging of these services should be clearly described in the budget justification.

Labor costs are based on the employees' actual salary rates, or an amount within the salary range of the job classification for persons to be recruited. An individual may not be charged to a sponsored project at a salary rate higher than the rate charged to other funds. Some sponsors, such as NIH, impose salary caps on the annual salary rate.

Supplemental compensation, summer salary and academic year salary are shown as separate line items. The academic year appointment is nine months, regardless of the time period over which the faculty member chooses to be paid. Summer salary is calculated at one-third of the academic year salary. Some sponsors impose limitations at less than three months. For example, the National Science Foundation will not fund more than two months of the PI's regular salary.

Supplemental compensation is only allowed with the prior approval of the agency. The approval of additional compensation on sponsored projects will be provided only under the conditions established in the policy for extra compensation. Approval must be obtained prior to the commencement of work. These guidelines apply to all projects regardless of funding source (federal, state or local government, private funding, etc.) and whether the project is cost-reimbursable or fixed price. **Extra compensation will not be charged to a federal or federal flow-through contract or grant without written prior approval from the funding agency.**

Graduate students may receive stipends or be paid on an hourly basis, while undergraduate students are paid at an hourly rate. Graduate students hired as research

assistants or research associates cannot be hired solely to perform clerical or administrative duties, rather their participation must be tied to performing research on the project in question.

- **Fringe Benefits**

Fringe benefits cover the employer's contribution for FICA, retirement, health insurance, and unemployment insurance. Employee-related expenses are proposed at the current fringe benefit factor rate for the employee's job classification. An additional percentage of salary and wages is budgeted for workers' compensation. Refer to the ORSP web site for current rates.

- **Supplies and Materials**

Consumables used in the performance of the project are included in this category. Examples include laboratory supplies, laboratory notebooks, raw materials for fabrication of equipment, and data processing supplies. See the section on Administrative Costs for federal restrictions on cost items in this category.

- **Consultants (Independent Contractors)**

Consultants provide technical expertise for a limited duration necessary for the conduct of the sponsored project. Consultants are temporary arrangements with external companies or individuals (see appendix for additional information on consultant arrangements). Contact ORSP for guidance on the use of consultants and approved contractual rates. While ORSP does not write, negotiate, or administer consulting agreements, a sample is available on the ORSP webpage. Written agreements with consultants are *strongly* encouraged.

- **Subcontracts (Subawards, Subgrants, Subrecipients)**

When a portion of the scope of work is split off from the PI's project, to be conducted off-site under the direction of a third party, usually another University or company, the transaction is budgeted under the Subcontract budget category. The third party is considered a "subcontractor" rather than a "vendor." It is important not to confuse a subcontractor with a vendor.

Characteristics of a subcontract include:

- The subcontract has its performance measured against the objectives of its portion of the scope of work of UNF's program;
- The subcontractor has responsibility for programmatic decision making, i.e., the subcontractor provides an individual analogous to the UNF principal investigator, who is responsible for the subcontractor's portion of the program's technical scope of work. This individual is generally referred to as a "collaborator."
- The subcontractor has responsibility for adherence to applicable sponsor program compliance requirements; and
- The subcontractor uses the funds to carry out its own portion of the scope of work, as contrasted with providing goods or services to the University. For example, organizations providing technical services are considered vendors.

Characteristics of a vendor, indicative of payment for goods and services include:

- Vendor provides the goods and services within normal business operations;
- Vendor provides similar goods or services to many different purchasers;
- Vendor operates in a competitive environment;
- Vendor provides goods or services that are ancillary to the operation of the program; and
- Vendor is not subject to *program* compliance requirements.
- Vendor is not subject to reporting requirements of the prime, e.g., inventory reporting, patent reporting;
- Vendor transactions may be supported by a contract with flow-down provisions. The presence of a contract by itself does not qualify the transaction as a cost under the subcontract budget category.

There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subcontract or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subcontractor or vendor.

The total cost of the subcontract is entered as a single line item on the budget. Do not merge the subcontract cost categories (personnel, operations, capital) with UNF's budget. It is desirable to attach the subcontractor's formal proposal to the University's proposal.

The subcontractor's proposal should include a statement of work, a detailed budget, the period of performance, and identification of key personnel. If a formal proposal from the subcontractor is not available, at a minimum, details of the subcontract budget should be itemized on a separate sheet and attached to the main budget. The costs should be broken out in the same format as the prime budget. The subcontractor's budget will use the fringe and indirect cost rates of the subcontractor, not UNF's rates.

The investigator has usually identified the name of the subcontractor at the proposal stage. If so, the subcontractor's name should appear in the budget, and the investigator should include an explanation in the budget justification section for selecting the named subcontractor. Most sponsors require their approval before the University may subcontract a portion of the project to another entity. Generally, an award based on a proposal budget with a line item for the named subcontractor constitutes documentation of sponsor approval. An adequate explanation in the budget justification will satisfy the University requirement for a sole-source justification. Otherwise, the subcontract will go out for bid.

For proposals that include one or more subcontracts, the University indirect cost amount is calculated on the first \$25,000 of each subcontract. If the first year

subcontract amount is more than \$25,000, the indirect cost amount is calculated on only the first \$25,000, and no indirect costs are budgeted in subsequent years. If the first year is less than \$25,000, indirect costs are calculated on the full amount. In the next budget year, indirect costs are calculated on only that portion up to a cumulative amount of \$25,000. In the following years, no indirect costs are budgeted on the subcontract.

- **Travel**

Costs of trips necessary for the performance of the project are included in the Travel category. Examples of travel costs that would normally be included as part of the project budget are: trips to the contractor's facility, trips to appropriate scientific meetings, and trips to collect field data. The travel budget is presented on a cost basis, using University per diem rates and airfare quotes. In-state, out-of-state and foreign travel are presented separately. Refer to the "ORSP Fact Sheet" in the appendix for current rates.

- **Student Support**

UNF includes student tuition as part of the compensation package for graduate students working as research assistants or associates on research projects. Tuition waivers are calculated at the current out-of-state tuition rate for nine hours per term.

- **Equipment**

Items costing \$5,000 or more with a useful life of over one year are included in the equipment category. Shipping and installation costs are included as part of the equipment cost. Equipment items should be listed in the budget by name and estimated cost (based on price quotes), and the budget justification should include an explanation of the use of the equipment on the project.

- **Fabrication of Equipment**

The activity of a project may consist partially or entirely of fabrication of equipment. The preferable budget design for projects in which fabrication is only a portion of the project is to breakout the costs associated with fabrication of equipment in a separate section or supplementary budget. When an award is made, the investigator may choose to accumulate the fabrication costs in a separate account. This will make it easier to determine the value of the fabricated item. The supplementary proposal budget will serve as the basis for the budget in the separate account for fabricated costs.

Even though the end product is classified as capital, the costs comprising the fabricated equipment should be charged to the appropriate expenditure category for the cost. Labor, shop time, services from independent contractors, raw materials (lumber, glass, tubing), supplies, and other costs incurred in the fabrication of equipment are charged to the appropriate cost categories of personnel and operations. Indirect costs are charged on personnel and operations at the project indirect cost rate. Parts meeting the capital definition of \$1,000 or more, whether purchased from an

off-campus vendor or from an on-campus shop, are charged to the equipment category and do not bear overhead.

### **3. Indirect Costs (Facilities and Administrative Costs [F&A])**

Indirect costs are applied to the “modified total direct cost” base, calculated at the appropriate negotiated indirect cost rate for the project. Modified total direct costs consist of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 are excluded from modified total direct costs.

The off-campus rate is applicable to those projects conducted in facilities not owned or leased by the University. However, if the project is conducted in leased space and lease costs are directly charged to the project, then the off-campus rate must be used. A project is considered off campus if more than 50% of its expenses are incurred at an off-campus facility. If a project is determined to be off campus, it shall be considered wholly off campus. Separate on and off campus rates will not be used for a single project.

Many non-profit sponsors do not reimburse indirect costs at the full indirect cost rate. When the policies are well documented, UNF will accept awards at the F&A rates published by the agency. In the absence of a published F&A rate that is different from the negotiated federal rate, it is important that the University recover the full F&A costs if the institution is to avoid paying for sponsored project costs from other sources of revenue. Agencies that have such policies frequently allow administrative costs and/or the direct charging of costs which ordinarily come under the designation of F&A costs.

UNF’s cognizant agency, i.e., the federal agency with which the rate agreement is negotiated, is DHHS. The current rate agreement can be found in the appendix.

### **4. Cost of Living Adjustments (COLA)**

ORSP’s standard procedure in developing budgets for multiple years includes a 5% raise each outlying year for faculty and A&P staff, 3% for USPS and OPS, 3% for travel and materials, and 15% for tuition. Special permission must be obtained from the AVPR to use a non-standard COLA rate. (See appendix for a copy of the form.)

## **C. Commitment of Cost Sharing**

While strongly discouraged unless required, UNF is willing to consider cost sharing based upon review of the project. Cost sharing is the portion of the grant or contract cost not borne by the sponsor. Whenever cost sharing is explicitly set forth and committed in a proposal and an award is made based on that proposal or cost sharing is required as a condition of an award, the cost sharing must be documented in the University’s records and included in the grant file.

### **1. Cost Sharing Classifications**

Generally, there are three classification of cost sharing:

- **Mandatory Cost Sharing** is required as a condition of the award by the sponsor's program requirements, or the sponsor's solicitation. This type of cost sharing is always quantified in the proposal budget or budget justification and is tracked by the Grants Accounting and Financial Management staff in ORSP.
- **Voluntary Committed Cost Sharing** is cost sharing not required by the sponsor as a condition of the award by the sponsor's program requirements, or the sponsor's solicitation and is quantified in the proposal budget or budget justification. This type of cost sharing is allowable if an additional amount or percentage is encouraged by the sponsor's solicitation and is approved by ORSP on a case by case basis. Once voluntary committed cost sharing is offered by the institution and agreed to by the sponsor, it becomes an obligation that the institution must fulfill. Cost sharing that is proposed in the budget or budget justification becomes a commitment upon execution of the award agreement.
- **Voluntary Uncommitted Cost Sharing** is internally committed cost sharing that was not committed or quantified in the proposal, narrative, budget, or budget justification.

## 2. Cost Sharing Guidelines

Some sponsored programs require the University to participate in funding the costs of a project. The University's participation in funding the costs of a project is referred to as "cost sharing." Cost sharing expressed as a ratio is sometimes referred to as matching. The terms cost sharing and matching are used interchangeably and are subject to the same federal regulations. Unless waived by the terms of the program, federal cost principles require that cost sharing contributions meet all the following criteria:

- are verifiable from the recipient's records
- are not included as contributions for any other federally-assisted project or program
- are necessary and reasonable for proper and efficient accomplishment of project objectives
- are allowable under the applicable cost principles
- are not paid by the Federal government under another award are provided for in the approved budget

The source of funding for the proposed cost sharing should be identified before the proposal is routed. If the Assistant Vice President for Research is expected to be the source for the matching funds, then arrangements should be made with ORSP before routing the proposal, and the proposal routing sheet should clearly indicate ORSP approval of the funding arrangements.

## 3. Sources of Cost Sharing

It is the Principal Investigator's (PI's) responsibility to secure cost sharing from University chairs, deans, department heads, vice presidents and/or from external sources. Common forms of cost sharing include salary related to faculty and staff effort, matching funds for equipment, or cash or in-kind contributions from external sources.

### **Contributions from UNF:**

- Can include any direct cost that is allowable according to A-21.
- Can include F&A associated with UNF cost-shared direct costs, if allowed by sponsor.
  - F&A rate used depends on what the sponsor allows. It could be limited to the same rate UNF is allowed to charge to sponsor funds. It may not be limited at all, in which case UNF could claim its full negotiated F&A rate.
- Can include unrecovered F&A only with prior approval of sponsor. Unrecovered F&A is the difference between the amount of F&A UNF can charge to sponsor funds, and the amount the university could have recovered had we used our negotiated rate.

#### Steps to calculate unrecovered F&A:

- (1) Calculate F&A on the sponsor's direct cost, using the appropriate negotiated MTDC rate and base.
- (2) Calculate F&A on the sponsor's direct cost, using the rate and base allowed by the sponsor.
- Subtract 2 from 1. This is the amount of unrecovered F&A.
- UNF can claim as cost sharing a building or land it owns, for construction/facilities acquisition projects or long-term use, if authorized by the sponsor.
- Active UNF employees are not allowed to donate their personal time, they can, however, use portions of their salary as match.
- Retired UNF employees may be allowed to donate their personal time under the following conditions:
  - If allowed by the sponsor, a retired faculty member who is considered Key Personnel on a sponsored project and has no paid University appointment may volunteer uncompensated effort to that project. This volunteer effort will not be allowed if the faculty member earns any type of pay from the University. If a retired faculty member volunteers uncompensated effort in a proposal to meet a mandatory cost sharing commitment, by signing the internal routing sheet the chair agrees to cover the cost if the faculty member does not fulfill the promised effort. This contribution will be considered Third Party Cost Sharing and requires the Third Party Cost Sharing Commitment Form.
- **Individuals' contribution of volunteer services (effort):**
  - Allowed only if the service is an integral and necessary part of the project.
  - Can include fringe benefits
  - Cannot include F&A.
  - Considered "in-kind" cost sharing since there is no cash outlay for their service.
  - Rates should be consistent with those paid for similar work at UNF. In those instances in which the required skills are not found at UNF, 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.
- **Other employers' contribution of their employees' service (effort):**
  - Allowed only if the service is an integral and necessary part of the project.

- Can include fringe benefits; calculation is based on what the employer pays—not UNF.
- Cannot include F&A, if in-kind. May be able to include F&A if contribution is from a subcontractor.
- Treated as “in-kind” if other entity is not a subcontractor. Subcontractor’s contribution is treated as “cash” cost sharing.
- Shall be valued at the employee’s regular rate of pay.
- **Contributions from third parties for the following items are allowable, if required by the project:**
  - **Supplies**, which may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. [Note: The list of “may include” supplies was taken directly from A-110; therefore, a CAS exemption is not required.] Value should be reasonable and shall not exceed the fair market value at the time of donation.
  - **Land or Buildings** when title passes to UNF. Value shall not exceed its fair market value at the time of donation to the UNF as established by an independent appraiser and certified by a responsible official of the recipient.
  - **Equipment Donation**, when title passes to UNF. Value shall not exceed the fair market value of equipment of the same age and condition at the time of donation.
  - **Equipment Loan**. Value shall not exceed its fair rental value.
  - **Space Usage**. Value shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality. Remember, this does not include space owned by UNF.

See Cost Match Procedure for additional information.

**PI - Sponsor**

**Project Dates**

| <b>CAS needed?</b>  | <b>Object Code</b> | <b>Budget Items</b>  | <b>Year 1 DATES</b> | <b>Year 2 DATES</b> | <b>Year 3 DATES</b> | <b>Total Costs</b> |
|---|--------------------|--|---------------------|---------------------|---------------------|--------------------|
| <b>Salaries (UNF Faculty and A&amp;P)</b>                         |                    |  |                     |                     |                     |                    |
| No  | 611001             | Faculty 9-month during AY  |                     |                     |                     |                    |
| No  | 611002             | Faculty 9-month during summer  |                     |                     |                     |                    |
| No  | 611000             | Faculty 12-month   |                     |                     |                     |                    |
| Maybe   | 612000             | A&P  |                     |                     |                     |                    |
| Sub-total   |                    |  | \$ -                | \$ -                | \$ -                | \$ -               |
| <b>Wages (UNF Students, OPS, USPS)</b>                            |                    |  |                     |                     |                     |                    |
| No  | 712006             | Faculty Supplemental Compensation (OPS)  |                     |                     |                     |                    |
| No  | 712003             | Part Time Faculty Contracts (OPS)  |                     |                     |                     |                    |
| Yes   | 613000             | USPS   |                     |                     |                     |                    |
| No  | 711004             | Graduate Research Assistant  |                     |                     |                     |                    |
| Maybe   | 711001             | Undergraduate Students   |                     |                     |                     |                    |
| Maybe   | 713001             | OPS/Part-Time Employment   |                     |                     |                     |                    |
| Sub-total   |                    |  | \$ -                | \$ -                | \$ -                | \$ -               |
| <b>Employee Benefits - use one line per category</b>              |                    |  |                     |                     |                     |                    |
| No  | 629996             | Faculty @ 29.7%  |                     |                     |                     |                    |
| No  | 629996             | Faculty @ 20.5%  |                     |                     |                     |                    |
| No  | 629996             | Faculty @ 7.65%  |                     |                     |                     |                    |
| No  | 629996             | A&P @ 31.8%  |                     |                     |                     |                    |
| No  | 629996             | USPS @ 41%   |                     |                     |                     |                    |
| No  | 719996             | OPS / Students @ 7.65%   |                     |                     |                     |                    |
| No  | 719996             | OPS FICA Alternative @ 1.45% (NOT Phased/Returning/Active Retiree, Grad/Undergrad Student, USPS/A&P) |                     |                     |                     |                    |
| Sub-total   |                    |  | \$ -                | \$ -                | \$ -                | \$ -               |
| Sub-total Salaries, Wages, and Fringe Benefits                    |                    |  | \$ -                | \$ -                | \$ -                | \$ -               |
| <b>Contractual - Any non-UNF individuals or entities</b>          |                    |  |                     |                     |                     |                    |
| No  | 721080             | Subawards > \$25,000   |                     |                     |                     |                    |
| No  | 721081             | Subawards > \$25,000   |                     |                     |                     |                    |
| No  | 721081             | Subawards > \$25,000   |                     |                     |                     |                    |
| No  | 721082             | Other Contractual Services   |                     |                     |                     |                    |
| Sub-total   |                    |  | \$ -                | \$ -                | \$ -                | \$ -               |
| <b>Equipment - ≥ \$5,000 with at least a 1 year life PER item</b> |                    |  |                     |                     |                     |                    |
| No  | 741883             | Desktop Computer   |                     |                     |                     |                    |
| No  | 741884             | Laptop Computer:   |                     |                     |                     |                    |
| No  | 741885             | Server   |                     |                     |                     |                    |
| No  | 741886             | Audio-Visual Technology-Overhead Projector   |                     |                     |                     |                    |
| No  | 741886             | Audio-Visual Technology-Video Projector  |                     |                     |                     |                    |
| No  | 741886             | Audio-Visual Technology-Projection Screen  |                     |                     |                     |                    |

|       |        |                                    |
|-------|--------|------------------------------------|
| No    | 741886 | Audio-Visual Technology-TV Monitor |
|       |        | Audio-Visual Technology-DVD/CD     |
| No    | 741886 | Player/Recorder                    |
|       |        | Audio-Visual Technology-Camera and |
| No    | 741886 | Accessories                        |
| No    | 741881 | Lab Equipment                      |
|       |        | Lab Equipment: Maintenance/Service |
| No    | 741881 | Contract                           |
| Yes   | 741882 | Office Equipment                   |
| Yes   | 741880 | Office Furniture                   |
| Maybe | 741887 | Communication Device               |

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Sub-total    \$   -            \$   -            \$   -            \$   -

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**Travel -**

|    |        |                     |
|----|--------|---------------------|
| No | 772180 | In State Travel     |
| No | 772280 | Out of State Travel |
| No | 772380 | Foreign Travel      |

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Sub-total    \$   -            \$   -            \$   -            \$   -

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**Materials and Supplies**

|       |        |  |
|-------|--------|--|
| No    | 792080 | Desktop Computer                           |
| No    | 792082 | Laptop Computer                            |
| No    | 792083 | Server                                     |
| No    | 793080 | Audio-Visual Technology-Overhead Projector |
| No    | 793080 | Audio-Visual Technology-Video Projector    |
| No    | 793080 | Audio-Visual Technology-Projection Screen  |
| No    | 793080 | Audio-Visual Technology-TV Monitor         |
|       |        | Audio-Visual Technology-DVD/CD             |
| No    | 793080 | Player/Recorder                            |
|       |        | Audio-Visual Technology-Camera and         |
| No    | 793080 | Accessories                                |
| No    | 791082 | Lab Equipment                              |
| Yes   | 791083 | Office Equipment                           |
| Yes   | 791081 | Office Furniture                           |
| Maybe | 794180 | Communication Device                       |
| No    | 740881 | Laboratory/Technical Supplies              |
| Yes   | 740880 | Office Materials and Supplies              |
| Maybe | 740882 | Educational Materials                      |
| No    | 740883 | Medical Supplies                           |
| No    | 740884 | Computer Equipment < \$5,000               |
| No    | 740885 | Audio-Visual Technology < \$5,000          |
| No    | 740886 | Lab Equipment < \$5,000                    |
|       |        | Communication Devices < \$5,000 (PDAs /    |
| Maybe | 740888 | GIS/Wireless Card)                         |
| Maybe | 776000 | Software - Licenses                        |
| Maybe | 776002 | Software - Packages                        |

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Sub-total    \$   -            \$   -            \$   -            \$   -

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**Other**

|           |        |   |
|-----------|--------|---|
| No        | 771885 | Food (non-entertainment meals for events associated with SOW only)                      |
| No        | 771880 | Publications - Reprints, Journal Page Charges   |
| No        | 775080 | Printing/Design Services  |
| Yes       | 771883 | Subscription  |
| Yes       | 771882 | Memberships   |
| No        | 771006 | Freight / Courier Postage   |
| Yes       | 771010 | Local Postage   |
|           |        | UNF Student Tuition / Scholarships / Educational Assistance                             |
| No        | 761000 | Assistance  |
| No        | 771025 | Non-UNF Scholarship Payments  |
| Yes       | 732001 | Local Phone Service - Monthly service charge  |
| No        | 732005 | Long-Distance Phone Charges (Suncom)  |
| Maybe     | 771980 | Rental of Space   |
| No        | 771981 | Rental of Equipment   |
| Maybe     | 715080 | Telephone Equipment Rental (cell phones)  |
|           |        | Telephone Service Charges for set-up or repair (new/add'l Line, change of number, etc.) |
| Yes       | 732001 | Local Phone Service - Monthly service charge  |
|           |        | (Wireless Card Service)   |
| Yes       | 732001 | (Wireless Card Service)   |
| Maybe     | 751080 | Repairs / Maintenance-Commodities   |
| Maybe     | 752080 | Repairs / Maintenance-Services  |
| Maybe     | 731005 | Utilities-Other   |
| No        | 776000 | Computer Software   |
| No        | 777186 | Participant Incentives  |
| No        | 775084 | UNF Fee-For-Service/Recharge Centers-PORL   |
| No        | 775085 | UNF Fee-For-Service/Recharge Centers-FIE  |
| Sub-total |        |   |
|           |        | \$ - \$ - \$ - \$ -   |

**Construction (not usually allowed)**

|           |  |                     |
|-----------|--|---------------------|
| N/A       |  | Renovation          |
| N/A       |  | New Construction    |
| Sub-total |  |                     |
|           |  | \$ - \$ - \$ - \$ - |

**Participant Support Costs - Conference/Event Attendees**

|           |        |  |
|-----------|--------|--|
| No        | 771025 | Stipend  |
|           |        | Travel - use applicable account code above based on type of travel |
| No        |        |  |
| No        | 771885 | Food   |
| No        |        | Other  |
| Sub-total |        |  |
|           |        | \$ - \$ - \$ - \$ -  |

|        |   |                     |
|--------|---|---------------------|
|        | Total Direct Costs                        | \$ - \$ - \$ - \$ - |
|        | F&A at XXX of modified total direct costs |                     |
| 771080 | Indirect Costs                            | \$ - \$ - \$ - \$ - |
|        | <b>TOTAL COSTS</b>                        | \$ - \$ - \$ - \$ - |

Prepared by XXX on date

Indirect Cost Base (modify with appropriate subcontract calculation): \$ - \$ - \$ - \$ -

**\*A 3%-10% inflationary has been applied to wages and other line items where appropriate.**