I. INTRODUCTION (Purpose and Intent)

The University of South Florida System (USF System) encourages, supports, and values the efforts of faculty and research personnel to seek and obtain funding from external sponsors in support of their research, scholarship, and creative endeavors (collectively referred to as “research” or “project”).

Cost sharing represents the portion of the total cost of a sponsored project that is covered by the USF System (or a third party) rather than the external sponsor. While it is recognized that, on occasion, USF System resources may be needed to leverage external support, cost sharing on sponsored projects should be limited to those circumstances where it is required by the sponsor. In exceptional cases where cost sharing is not required, but is considered a review criterion or is strongly encouraged by the sponsor, the amount offered should be kept to a minimum. The USF System seeks to minimize cost sharing of direct expenditures to support a given project, because it redirects department or college resources from teaching, academic expenses, or other institutional activities. In addition, excessive or unnecessary cost sharing can negatively affect the USF System’s Facilities and Administrative (F&A) Cost Rate (also known as “indirect cost rate” or “overhead”).

All cost sharing, except for unrecovered indirect charges or voluntary uncommitted cost sharing (see Section II.F.), must be tracked in the USF System’s financial system. Documentation for third-party contributions, in-kind expenses, and unrecovered indirect costs must be maintained in official central office project files.
II. DEFINITIONS

A. For purposes of this policy, the term employee includes, but is not limited to, all faculty in all pay plans, all administrative and support employees in all pay plans, all graduate assistants and other student employees in all pay plans, or any other employee classifications that may be developed by the USF System or the University Board of Trustees.

B. For purposes of this policy, cost sharing is defined as that portion of the total cost of a sponsored project covered by the USF System or third parties other than the sponsor. “Cost sharing” is used generically throughout this policy to include matching funds.

C. For purposes of this policy, in-kind contributions include:

1. Donations or use of equipment/building/land from a third party.
2. Services (effort) provided by volunteers from a third party.
3. Donations of expendable property (e.g. supplies) from a third party.

D. For purposes of this policy, mandatory cost sharing is defined as a sponsor’s terms and conditions mandate, or requirement, that the USF System share in the cost of the project. This type of cost sharing is considered “committed” and must be documented and reported to the sponsor. Mandatory cost sharing may negatively affect the USF System’s F&A Cost Rate.

E. For purposes of this policy, voluntary committed cost sharing (planned) is defined as cost sharing that is NOT required by the sponsor as a condition for submitting a proposal, but, because of the competitive nature of the proposal, is offered by the investigator with approval of the department chair, college dean, or other appropriate official. This type of cost sharing is considered a commitment once the contract or grant is awarded by the sponsor, must be documented within the USF System’s business systems, and may require reporting to the sponsor or its designated representative. The USF System does not endorse voluntary committed cost sharing, as it redirects department or college resources.
F. For purposes of this policy, voluntary **uncommitted** cost sharing (unplanned) is defined as cost sharing that does not need to be documented in the USF System’s business systems or reported to the sponsor. Voluntary uncommitted cost sharing may occur when the investigator voluntarily elects to incur costs that are in excess of the amount budgeted due to budget reductions by the sponsor at the time of the award or when unforeseen additional costs are incurred on behalf of the project that the sponsor is unwilling to pay. Significant voluntary uncommitted cost sharing of effort must be considered when certifying individual effort reports. (Note: No separate category for this exists within the USF System’s effort-reporting system.) The USF System strongly discourages voluntary uncommitted cost sharing, but recognizes that there are circumstances when it may be appropriate.

II. **STATEMENT OF POLICY**

A. Cost sharing on sponsored projects will only be approved and provided when mandated by the sponsor (i.e. mandatory cost sharing; see Section II.D.) or, with approval of the department chair or other appropriate official, when necessary due to the documented competitive nature of the award (i.e. voluntary committed cost sharing; see Section II.E.). Voluntary uncommitted cost sharing (II.F. above) should be discouraged, as it represents an unplanned redirection of department or college resources.

B. All committed cost sharing, whether mandatory or voluntary, and regardless of sponsor, must:

   1. Be allowable under applicable cost principles, administrative guidelines, and agency guidelines.
   2. Be necessary and reasonable for the completion of a project.
   3. Be verifiable through documentation and identifiable within the USF System’s business systems.
   4. Not have been charged or reported as cost sharing on any other project.
5. Not be paid by another federal award, unless specifically authorized and documented by the sponsor in advance.

C. USF recognizes the following means of providing cost sharing on sponsored projects:

1. **Matching funds/in-kind contributions** provided by the USF System or third parties to pay for project expenses that directly benefit a project, such as salaries and fringe benefits, tuition of USF employees or students, supplies, equipment, and travel.

2. **Unrecovered facilities and administrative costs** that represent the difference between the USF System’s full F&A Cost Rate and the amount of the sponsor’s awarded F&A Cost Rate may be used only with prior documented approval of the awarding agency.

3. **Grant-to-grant cost sharing** will be made in accordance with sponsor requirements.

D. Non-federal, third-party, in-kind contributions provided as cost sharing will be valued at the fair-market value of the service, supply, or equipment, based on the amount the USF System would pay for the item or service at the time of donation. Documentation of fair-market value may include a letter or other documentation from the donor. For federal awards, the valuation and documentation of all cost sharing must comply with OMB Circular A-110.

E. In general, costs normally treated as direct costs on sponsored projects may be used to meet cost-sharing obligations. Costs that are normally treated as indirect costs on sponsored projects may not be used to meet cost-sharing obligations without prior documented sponsor approval.

1. Expenditures that may be used to meet cost-sharing obligations include, but are not limited to:
a. Faculty, staff, or student salaries and applicable fringe benefits, as established and reported within the USF System’s effort-reporting system.

b. Laboratory supplies, as documented through the purchasing process.

c. Travel.

d. Equipment.

2. Expenditures that normally may not be used to meet cost-sharing obligations include, but are not limited to:

   a. Expenditures normally treated as indirect costs per federal cost accounting standards, such as administrative and clerical salaries, office supplies, local telephone, etc.

   b. Unallowable costs, such as alcoholic beverages, entertainment, memberships in community organizations, etc.

F. Investigators are responsible for ensuring that cost-sharing commitments are identified in the project budget and then actually provided as committed.

G. The USF System Division of Sponsored Research (DSR), in partnership with investigators, is responsible for establishing the reported cost-sharing commitments and working with sponsors on any changes during the life of the project.

H. The USF System office of Research Financial Management (RFM), in partnership with investigators, is responsible for establishing the cost-share commitment in the USF System’s financial system, monitoring cost-sharing commitments, retaining documentation, and addressing cost-sharing commitment deficiencies.

*Current Responsible Office: Research and Innovation

*Refer to the appropriate Responsible Office website for a current name of the Vice President or other Responsible Officer.