

## East Carolina University

### Policy on Cost Sharing for Direct and F & A Costs in Proposal Budgets

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Effective January 1, 2000

Faculty and staff who submit project proposals for funds to outside sponsors are expected to request sufficient funds to cover all project costs, both direct costs and the university's facilities and administrative costs (formerly indirect costs). The University recognizes that in certain circumstances cost sharing of some of these costs is necessary. The policy below describes the procedures for obtaining such cost sharing.

#### I. Direct Project Costs & Cost Sharing

When cost sharing (including matching funds) of **direct project costs** are requested by the sponsor or offered voluntarily by the principal investigator/project director (PI/PD), it will be the primary responsibility of the PI/PD's department or school to arrange for the necessary resources. Other units of the University, upon request of the PI/PD & his/her chair, may provide additional resources for cost sharing or matching funds. The PI/PD shall first make such requests to his/her School and Division and subsequently, if additional funds are needed, to the Division of Research and Graduate Studies. The department, school and division contributions to the needed cost sharing should aim to be 50% or greater of the total requested. One example of direct cost sharing is the cost of a faculty member's reassigned time (salary plus benefits) that will be allocated to the proposed project but will NOT be reimbursed by the grant or contract. All cost sharing or matching funds arrangements must be approved by the officers responsible for these resources prior to submission of proposals.

#### II. Facilities and Administrative (F & A) Costs & Cost Sharing

Facilities and Administrative costs are real costs to the University whenever faculty or staff performs externally sponsored projects. These real costs always occur and can never be waived. When the sponsor does not cover these costs, the University must use state-appropriated funds to subsidize these projects. **Therefore, it is University policy to request the full, negotiated F & A costs on all proposals to external sponsors.** Cost Sharing of F & A costs *may* be requested in certain circumstances as described below.

- A. **Non-Profit Sponsors who prohibit F & A Costs on Proposals.** When a non-profit sponsor prohibits payment of F & A costs as part of its general policy, the University (as opposed to the department, school/college, or division) may provide full cost sharing of the F & A costs when a) the proposed project advances the mission of the University, and b) the cost sharing is requested by the PI/PD, and his/her Chair and Dean on the appropriate university form. A copy of the sponsor's policy on F & A costs is required.

- B. Non-Profit Sponsors who Mandate a Lower F & A Rate than the ECU Rate or Request Partial Cost Sharing of F & A Costs.** If the mandated rate is lower than the University's currently established rate for the project or if the sponsor requires cost sharing of the F & A costs as part of its policy, the University may provide cost sharing of the additional F & A costs above the sponsor's suggested rate when: a) the proposed project advances the mission of the University, and b) the cost sharing is requested by the PI/PD, and his/her Chair and Dean on the appropriate form. A copy of the sponsor's F&A cost policy or equivalent documentation is required. The policy in this paragraph will also apply to the situation where the non-profit sponsors offers the University a 'capped' award where the total award offered is less than the amount required for both direct and full F & A costs. The sponsor is effectively mandating a lower F & A rate than the ECU rate.
- C. Non-Profit Sponsors who do not have a stated policy on F & A Costs (e.g., state agencies).** Full F & A costs will be included in proposal budgets to such sponsors. Where appropriate and necessary, the Office of Sponsored Programs may negotiate the F & A cost rate on any awards that result from these proposals. If the non-profit sponsor develops a policy on F & A costs after submission of the ECU proposal, the policy must be a general policy and not one specifically aimed at ECU.
- D. Profit Making Sponsors.** Full, negotiated F & A costs should be requested on all proposals to profit making sponsors. It is rare that these costs are ever cost shared. However, under unusual circumstances, e.g., 'capped' awards where the sponsor offers only a set dollar amount for the award, the University may elect to share a small portion of these costs. Requests must be strongly justified and must be made through the appropriate chair, dean and Vice Chancellor to the Vice Chancellor for Research and Graduate studies. In any event, the University shall not provide more than 50% of the requested cost share. The remainder will be the responsibility of the PI/PD's department, school, and division. Schools that routinely provide faculty with 25% reassigned time for scholarly activities may NOT use the 25% reassigned time of its faculty as part of its contribution to the F & A cost sharing. (However, the 25% reassigned time may be used as cost sharing for direct costs.)
- E. Voluntary Cost Sharing—All Sponsors.** It is the policy of the University to provide no voluntary cost sharing for F & A costs. However, if the faculty/staff voluntarily requests cost sharing of all or a part of the negotiated F & A costs from any sponsors, the request will need very strong justification. The cost-sharing request must also be strongly supported by memorandum by the PI/PD's chair or dean. In any event, the University shall not provide more than 50% of the requested voluntary cost sharing of the F & A costs. The remainder of the F & A cost sharing will be provided from the PI/PD's department, school, or division.

### **III. Cost Sharing for Proposals and Awards Not Initially Authorized by the University**

If a proposal for a grant or contract is submitted to an external sponsor without prior authorization by the University as specified in the ECU Faculty Manual and the UNC General Administration's Administrative Memorandum #68, the proposal will be ineligible for all cost sharing from the Division of Research and Graduate Studies. Any cost sharing of the direct and appropriate F & A costs will be the responsibility of the faculty/staff's department, school, and/or division. However, full and appropriate F & A costs for the grant or contract will be recovered by the University either by transfer of funds from the responsible department, school, or division or by direct charge to the grant or contract account. This policy will apply to awards from both non-profit and profit making sponsors.

**Please Note:** ECU is under no obligation to accept an award based on a proposal (written or verbal) submitted to an external sponsor without prior authorization by the University. A decision to accept or not accept an award will be made on a case-by-case basis by the Office of Sponsored Programs in consultation with the Vice Chancellor for Research & Graduate Studies. As a condition of such acceptance, the University shall re-negotiate the terms of the grant or contract award, if necessary, to bring it into compliance with University policy and regulations.