



Washington University in St. Louis

TO: Business Managers and Research Administrators

FROM: Joseph M. Gindhart, Director - Sponsored Projects Accounting
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DATE: June 2007

SUBJECT: National Science Foundation Cost Sharing – Policies and Procedures ([Revised 6/07](#))

The Sponsored Projects Accounting (SPA), in conjunction with Grants and Contracts (G&C) and the Research Office (RO), has revised the policies and procedures for cost sharing on sponsored projects funded by the National Science Foundation (NSF). The information noted below was developed from the following sources; Federal Circulars, the NSF's Proposal and Award Policies & Procedures Guide ([April 2007, NSF 07-140](#)), the University's Direct Charging Guidelines, G&C Cost Sharing Packet materials and the current Financial Information System (FIS) & Proposal Development System (PDS) processes. These policies and procedures should be utilized by all University personnel involved with the financial management of sponsored projects.

General

Cost sharing is defined in Office of Management and Budget (OMB) Circular A-110 as costs incurred under a specific cost objective which are not supported by the sponsoring agency. These costs can be provided in the form of cash contributions (via department or University funds), third party in-kind contributions or funding from another sponsoring agency. The University's Cost Sharing – Policies and Procedures contains additional detailed information on the subject of cost sharing (the full text is available at <http://spa.wustl.edu/policies.htm>). The policies and procedures noted below are intended as a supplement to that document.

Policies

The National Science Foundation (NSF) had a longstanding Congressional (statutory) cost sharing requirement for its unsolicited awards. In April 2007, the NSF's Proposal and Award Policies & Procedures Guide was revised and this statutory requirement **was eliminated for awards made on or after June 1, 2007** (section II.D. of the Award and Administration Guide, page II5). The statutory cost sharing requirement is still applicable (through the end of the project period) for awards issued prior to 6/1/07. The full text of the Proposal and Award Policies and Procedures Guide is available at: <http://www.nsf.gov/pubs/policydocs/papp/nsf07140.pdf>. Noted below are the applicable cost sharing policies:

- **Unsolicited Research Projects – Awarded on or after June 1, 2007 (New):**
Statutory cost sharing is not required.

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▪ Unsolicited Research Projects – Awarded prior to June 1, 2007 (Current Awards):

In accordance with congressional requirements at the time of the award, the National Science Foundation (NSF) requires that each grantee share in the costs of *research* projects resulting from unsolicited proposals. An unsolicited proposal is one not specifically advertised/promoted by a specific NSF Program announcement. Unsolicited proposals are responses to regular directorate target dates/deadlines and they utilize the generic solicitation number (e.g., NSF 02-2).

Note on Exceptions:

NSF grants that provide funds solely for the following purposes are not considered to be support of “*research*”, and subsequently they are excluded from the statutory cost sharing requirements:

- international travel;
- construction, improvement or operation of facilities;
- acquisition of research equipment;
- ship operations;
- education and training;
- publication, distribution and translation of scientific data and information;
- symposia, conferences and workshops; and
- special studies authorized or required by Subsections 3a(5) through 3a(7) of the NSF Act, as amended.

▪ Solicited Research Projects:

Unless otherwise indicated in a specific NSF program announcement/solicitation (i.e., a unique solicitation number), cost sharing is not a prerequisite to the award of a grant to support a project resulting from such a program solicitation. The NSF encourages organizations responding to program solicitations to contribute to the cost of performing the research unless that would be inappropriate.

▪ Cost Sharing Method:

Except for grants which require specific cost sharing amounts or percentages, grantees (the University) will comply with the statutory cost sharing requirement for research projects (awarded prior to 6/1/07) resulting from unsolicited proposals and meet the minimum amount by either of two alternative methods.

1. Cost sharing a minimum of one percent of total costs (direct and F&A) on each NSF project. SPA strongly recommends this method because it is consistent with the University’s current mandatory and voluntary cost sharing practices.
2. Cost sharing a minimum of one percent on the aggregate total costs of all projects requiring cost sharing. The appropriate school/department administrative officer should contact and coordinate with SPA prior to utilizing this method.

Subsequent to the issuance of the award, the University must cost share the amounts committed in the proposal and/or the amounts required by the sponsor. A detailed description of the roles and responsibilities of University personnel involved with cost sharing can be found in the University’s Cost Sharing – Policies and Procedures, Appendix A (see <http://spa.wustl.edu/policies.htm>).

Procedures

Proposal Development System (PDS):

Cost sharing amounts mandated by the program solicitation or voluntarily committed by the PI should be documented in the proposal budget. The cost sharing obligations contained in the budget should also be described with additional detail in the budget narrative. Amounts related to the statutory one percent cost sharing requirement are not required to be documented in the proposal budget or narrative.

Accounts:

A specific cost sharing account/fund will be established based upon the terms and conditions of the NSF award. This account/fund will be established by either Grants & Contracts (Medical School) or the Research Office (Danforth Campus) at the time of the award and/or upon submission of the appropriate form (see [G&C - Cost Sharing Account Request Form](#) or [RO - Allocation Request Form](#)). The account/fund number will follow the same general fund number logic as the sponsored account/fund. The PI and/or the academic department must provide a Debit account that corresponds with each cost sharing account.

- **Unsolicited Statutory Cost Sharing Account/Fund (“U”):**
The statutory minimum one percent cost sharing requirements for unsolicited research projects (prior to 6/1/07) will be maintained and monitored in accounts/funds that end in “U”. These amounts are based upon the awarded funding and they are not specifically designated in the proposal or award documents. The first five digits of the fund number will correspond to the sponsored account/fund, but the sixth digit will be a “U”. The PI and/or his designee will charge all statutory NSF cost sharing expenditures to this account/fund which are deemed reasonable, allocable and allowable under Federal, University and NSF guidelines.
- **Mandatory Cost Sharing Account/Fund (“X”):**
Cost sharing obligations mandated by the NSF and/or committed to in the proposal/award will be maintained and monitored in accounts/funds that end in “X”. The NSF will designate these amounts on Line M of the award budget. The first five digits of the fund number will correspond to the sponsored account/fund, but the sixth digit will be an “X”. The PI and/or his designee will charge all mandatory cost sharing expenditures to this account/fund which are deemed reasonable, allocable and allowable under Federal, University and NSF guidelines.
- **Voluntary Cost Sharing Account/Fund (“V”):**
All other NSF cost sharing obligations not managed via a “U” or “X” account/fund can be monitored and maintained in accounts/funds that end in “V”. The first five digits of the fund number will correspond to the sponsored account/fund, but the sixth digit will be a “V”. The PI and/or his designee will charge all voluntary cost sharing expenditures to this account/fund which are deemed reasonable, allocable and allowable under Federal, University and NSF guidelines.
- **Cost Sharing Debit Account:**
Debit accounts related to NSF cost sharing should follow the applicable procedures described in the University’s Cost Sharing – Policies and Procedures document (see <http://www.spa.wustl.edu/policies.htm>).

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▪ **Third Party (In-Kind) Contributions:**

Third party (in-kind) contributions related to NSF cost sharing should follow the applicable procedures described in the University's Cost Sharing – Policies and Procedures document (see <http://www.spa.wustl.edu/policies.htm>).

Month End Process:

The month end automatic journal entries for NSF cost sharing accounts are the same as those described in the University's Cost Sharing – Policies and Procedures document (see <http://www.spa.wustl.edu/policies.htm>).

Budgeting for Cost Sharing:

In order to properly manage NSF cost sharing (c/s) obligations, budgets in the U/X/V and Debit accounts should be established and maintained per the following guidelines:

▪ **U Accounts/Funds (statutory c/s):**

Unsolicited/statutory cost sharing obligations for new and competitively renewed awards will be budgeted (direct and F&A) by G&C or the RO as part of the profiling process. The following calculation will be applied to determine the project's minimum one percent cost sharing commitment:

Example

NSF Award Amount	
Year 1 (8/1/06 – 7/31/07):	\$150,000
F&A Rate:	52.5% mtcd
NSF Cost Share Amount (1%):	\$1,500
Direct (BUOB 11):	986 (1,500 / 1.525)
F&A (BUOB 82):	514 (1,500 – 986)

Note: The F&A rate utilized in this calculation should match the one applied to award funds.

G&C or the RO will increase the cost sharing budget (direct and F&A) as additional amounts are subsequently awarded by NSF (Year 2, Year 3...).

▪ **X Accounts/Funds (mandatory c/s):**

Cost sharing obligations (direct and F&A) noted on Line M of the NSF award notice will be budgeted by G&C or the RO when the project is profiled. The budget dollars will be increased by G&C or RO in subsequent periods based upon the information contained in the sponsored agreements.

▪ **V Accounts/Funds (voluntary c/s):**

The Principal Investigator and/or the academic department are responsible for processing budget amendments (direct costs only) for all other voluntary cost sharing dollars (not noted on Line M).

▪ **Debit Accounts:**

Budget adjustments for Debit accounts associated with NSF cost sharing accounts should follow the applicable procedures described in the University's Cost Sharing – Policies and Procedures document (see <http://www.spa.wustl.edu/policies.htm>).

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Facilities and Administrative (F&A) Costs:

F&A costs are automatically calculated and posted monthly to BUOB 83 on applicable NSF cost sharing accounts (U/X/V). The system will utilize the same F&A rate which is applicable to the sponsored account. As part of the Month End Process, the system will post a credit (negative) entry to BUOB 82 on the cost sharing account (X/V), which is equal to the amount previously posted to BUOB 83, and a debit (positive) entry to BUOB 79 on the school's revenue account. The month end entries will create a net zero F&A expenditure balance in the cost sharing account. The F&A costs will be posted to cost sharing accounts based upon the following methodology:

- F&A costs will be calculated and posted to all unsolicited/statutory (U) and mandatory (X) cost sharing accounts/funds.
- F&A costs will be calculated and posted to voluntary (V) cost sharing accounts, unless otherwise restricted by the sponsoring agency or upon request of the PI and/or academic department.

Financial Reporting:

SPA will include amounts posted to cost sharing accounts/funds and third party cost sharing data provided by the PI on all applicable financial reports.

In cases where the University has cost sharing commitments on a NSF project of \$500,000 or more, as reflected on Line M of the cumulative award budget, the amount of cost sharing must be documented (on an annual and final basis) and certified by the Authorized Organizational Representative. Under these terms, Sponsored Projects Accounting (SPA) is deemed to be the Authorized Organizational Representative. SPA will submit the cost sharing data to the cognizant NSF program officer based upon the following schedule:

Annual Report – submitted at least 90 days prior to the end date of the current budget period.

Final Report – submitted within 90 days of the expiration of the award.

The attached policies and procedures will be posted on Sponsored Projects Accounting's web page (<http://www.spa.wustl.edu/policies.htm>) and the Research News' web page (<http://researchnews.wustl.edu/>, see Message Library). If there are any issues that have not been addressed in this document, please contact Joe Gindhart at 935-7089 / jgindhart@wustl.edu, John Michnowicz at 362-6876 / john.michnowicz@wustl.edu or Kaaren Downey at 935-8324 / downeyk@wustl.edu. Thank you for your cooperation in this matter.