

IV. Policy Statement:

It is the policy of Florida Atlantic University to include only mandatory cost share in proposals submitted to sponsors. It is important not to volunteer funds when the sponsor does not require them and when the project can be completed without them for the following reasons:

- A. Generally, University resources are limited. Cost sharing of direct expenses represents a redirection of University resources from teaching and other department activities to expenditures in support of sponsored research and projects. If University resources are committed to projects unnecessarily, then those funds are not available for occasions when cost share dollars are required.
- B. Cost share dollars in aggregate have a negative impact on the University's F&A cost rate. As the cost share dollars from various projects throughout the University accrue in the accounting system, the aggregate amount is included in a formula that is used in the negotiation of the University's F&A rate.

The F&A rate is expressed as the following ratio:

$$\frac{\text{Facilities and Administrative Costs}}{\text{Organized Research Base}}$$

Cost share dollars are included in the denominator, the Organized Research Base. With more cost share dollars, the Organized Research Base increases. As the Organized Research Base increases, the F&A costs are spread over a larger base and there is a potential for a reduction in the negotiated rate, resulting in less recovery by the University of F&A costs.

- C. All cost share, both mandatory and voluntary committed, must be tracked and accounted for in the University's accounting records. Failure to meet a cost share requirement could result in an audit finding or having to return funds to a sponsor.
- D. Cost share requires additional administrative support for a sponsored project. The PI, Department Budget Coordinator, Sponsored Programs, and Research Accounting must spend time tracking and accounting for cost share.
- E. Certain faculty members who have many projects have the potential to become over committed, resulting in an inability to substantiate the promised levels of effort.

In summary, cost share is not a gratuitous gesture and should not be included in proposals unnecessarily. There are two circumstances when voluntary committed cost share is acceptable:

- A. The funds provided by the sponsor are inadequate to carry out the project. Additional funds are necessary to meet all of the program objectives.
- B. The project is viewed by the Department Chair and/or College Dean as pivotal for the University and the first stage of a major research initiative.