

## SJSU and SJSURF Cost Sharing Policy and Procedures

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### **POLICY INTRODUCTION**

This policy provides guidance to **SJSU Faculty, Administration and SJSU Research Foundation Staff (SJSURF)** on the subject of cost share to ensure compliance with federal, state, or agency auditing requirements.

Proposals represent a significant commitment by the principal investigator, university and SJSURF Foundation of faculty effort, space, facilities, and assurances and certifications regarding how the project will be performed. Because all cost share commitments are subject to audit, SJSURF requires appropriate documentation of cost share commitments and expenditures in support of those commitments. The SJSURF Office of Sponsored Programs plays a central role in validating that these commitments are being met.

#### **Policy objectives are:**

- To inform SJSU what cost share is and how cost share is recognized by the federal government and other external sponsors.
- To inform SJSU about the contractual, financial, and administrative requirements related to cost share.
- To establish guidelines for documenting and reporting cost share to sponsoring agencies.
- To define SJSU roles and responsibilities for meeting cost share obligations.

### **WHAT IS COST SHARE?**

Some sponsor agencies require that the awardee participate to some extent in the total cost of the project. Cost share or matching funds (the terms are often used interchangeably) is the use of institutional or third party funds to supplement project costs not borne by the sponsoring agency. Cost share can be voluntary or mandatory (required by statute or law) and be in the form of in-kind (non-cash such as donated supplies and services), or cash (a specific dollar amount provided to the SJSU Foundation and accounted for separately), or a combination of both.

### **POLICY**

- SJSU does not cost share on projects unless specifically required by the sponsor.
- In special cases, when there is compelling evidence that a proposal (for non-federal funds) will be favorably reviewed with the demonstration of institutional commitment, cost share may be allowed if authorized by the Director of OSP.
- Cost share commitments should only be made when required by the sponsor and then only to the extent necessary to meet the specific requirements of the sponsored project. It is not necessary, from a competitive standpoint, to provide an over-match, or to provide any match at all unless required by the sponsor.
- In general, SJSU does not cost share on projects proposed to or funded by “for-profit” sponsors.
- It is important to note that if cost share requirements are at risk of not being met the SJSURF Foundation may stop further expenditures of sponsored funds, including personnel, until cost sharing objectives are met.

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- Any cost share commitments, including any narrative statements, must be included on the Proposal Routing Form (see attachment), and must be clearly detailed in the proposed budget and be approved by the responsible SJSU officials. The responsible SJSU officials indicate approval by signing the Proposal Routing Form that shows the detailed cost share figures, and by signing the Cost-Share Commitment Acknowledgment of Responsibilities form (see attachment).
- The SJSU Research Foundation identifies cost share included in proposals to sponsors as *External Cost Share*. Cost share promised to a project by an SJSU department or college, but not submitted as a cost share commitment within the proposal to the sponsor is identified as *Internal Cost Share*.

**WHAT ARE ACCEPTABLE FORMS OF COST SHARE?**

All external cost share claims are subject to audit by the SJSURF's cognizant federal agency (Department of Health and Human Services), sponsoring agencies, and internal and external auditors.

Administrative requirements for cost share on federal grants and cooperative agreements are in 2 CFR Part 220 and Part 215 (formerly OMB Circulars A-21 and A110).

**All matching contributions, both cash and in-kind, must adhere to the following criteria as required by 2 CFR Part 215:**

1. Are verifiable from the recipient's records.
2. Are not included as contributions for any other federally assisted project or programs.
3. Are necessary and reasonable for proper and efficient completion of the project or program objectives;
4. Are allowable under the applicable cost principles (2 CFR Part 220), or other sponsor regulations if the sponsor is non federal);
5. Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget when required by the sponsoring agency.

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7. Conform to other provisions of 2 CFR Part 220.

#### **Acceptable Cost sharing Items:**

In general, costs normally treated as direct costs on sponsored projects may be used to meet cost share obligations. Cost sharing or matching may consist of the following cost elements used to further project objectives:

1. Salaries of SJSU faculty or staff who are paid by the University, and who devote a percentage of their compensated time to a sponsored project, without receiving reimbursement from the sponsor.
2. Fringe benefit costs associated with contributed effort as described in item 1.
3. Indirect/Facilities and Administrative (F&A) costs foregone, where the Foundation requests less than the federally approved negotiated rate, and where the sponsor does not prohibit the use of indirect/F&A foregone as cost sharing.
4. Other direct costs, such as supplies, equipment, or travel that are paid for from non-federal funding sources. Note: Unless equipment is purchased solely for the project, the use of existing inventory of equipment as cost share is not encouraged as the calculation of its cost share value is further complicated by depreciation and proration of use.
5. Project costs financed by cash contributions by the recipient, or by cash donated to the recipient by third parties.
6. Project costs represented by services and property donated by third parties (non-Federal public agencies and institutions, private organizations, and individuals).

#### **Unacceptable Cost sharing Items:**

Examples of expenditures that may not be used to meet cost share obligations include:

- Unallowable costs, such as alcoholic beverages, entertainment, and memberships in community organizations.
- Educational discounts - these discounts are provided to all educational institutions, and are not considered out of the ordinary. If a vendor would like to deeply discount a purchase beyond the normal educational discount, then that value must be officially assigned as a gift by the vendor, in writing.
- Any costs that are not relevant or necessary to the project.
- In general SJSURF does not waive or reduce Facilities and Administrative costs (indirect costs) in order to meet sponsor cost share requirements. If the sponsor has a limit on indirect cost rates then the remaining percentage of F&A costs can be shown as waived cost share, if the program requires cost share and allows as such. This does not apply to any US Department of Education training grants.

## Cost-Share Procedures

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**Description:** These procedures provide guidance to **SJSU Faculty, Administration, and Foundation Staff (SJSURF)** on the subject of cost share to ensure compliance with federal auditing requirements.

### **Procedure objectives are**

To assist SJSURF in carrying out its roles and responsibilities for meeting cost share obligations by

- ensuring that cost share commitment is obtained and documented as required by the federal government and external sponsors.
- ensuring that SJSURF meets its contractual, financial, and administrative requirements related to cost share.
- ensuring that cost share is documented and reported to sponsoring agencies as required.

Step-by-step procedures are provided for

1. Principal Investigators
2. Department Chairs
3. College Deans
4. Office of Sponsored Programs Pre-Award Managers
5. Office of Sponsored Programs Post-Award Analysts

**Examples:** See Attachments

- a) Proposal Routing Form
- b) Cost-Share Commitment Acknowledgement Form
- c) Cost-Share Summary Sheet
- d) NSF Cost Share Analysis Sheet
- e) New Account Checklist
- f) In-Kind Contributions Report
- g) Time Certification for In-Kind Contribution
- h) Closed Account Checklist
- i) Cost Share Report generated from tracking system (Bi-Tech)
- j) GMSHAR Screen
- k) GLUPKY Screen

## PRINCIPAL INVESTIGATORS

**As a Principal Investigator you are responsible for:**

- Disclosing all internal and external cost-share to the Foundation Sponsored Program Manager when discussing the proposal budget.
- Disclosing all cost share commitments written in the project narrative before proposal submission.
- Securing all necessary cost share and matching funds commitments from their academic units or external sponsors in accordance with specific agency program requirements.
- Completing and signing the Cost-share Commitment Acknowledgment of Responsibilities form. This also includes providing confirmation of cost share commitment by the source.
- Fully assisting the SJSU Research Foundation in obtaining accurate and detailed records and receipts to explain and certify fulfillment of cost share commitments.
- Completing and adequately verifying with appropriate documentation any cost share certification forms in a timely manner.

### Procedural Steps for PIs:

1. Read sponsor funding guidelines carefully to determine whether cost share is required
  - If cost-share is not required, do not include cost share in your budget or proposal.
  - If in doubt as to cost-share requirements contact your OSP Manager.
2. Discuss your proposal and your proposal budget with your OSP Manager well in advance of the program proposal deadline.
  - Your proposal should be delivered to the Foundation ready for routing on campus at least 7 days before the proposal deadline. Your OSP Manager will help you establish the date and assist you with determining what documents are required for submittal.
  - It is important for PIs to notify the Foundation of intentions to respond to an application that requires cost sharing and to submit their proposals to OSP in a timely manner.
3. Secure all required cost share and matching funds commitments from your academic units or external sponsors as soon as possible to ensure that you can complete required commitment documents by the proposal routing date.
  - Discuss your proposal and your cost-share with your Chair and Dean.
  - Request detailed letters of cost share commitment from your contributors.

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**Note:** Letters of commitment may not be used as verification of cost share once the proposal is awarded. All commitments must be further backed up by detailed documentation, receipts, etc.

4. Complete the *PI Cost-Share Commitment Acknowledgment of Responsibilities* form to route for campus signatures with your proposal.
  - Read and complete the form as required.
  - When providing your proposal documents to your OSP Manager, include the form along with your detailed letters of cost share commitment from your contributors.
  - Your OSP Manager will package your proposal documents for routing on campus.
5. Once your project is funded, complete and adequately verify appropriate cost share documentation:
  - Complete cost share certification forms in a timely manner.
  - Submit accurate and detailed records and receipts to your OSP Analyst as you receive or expend cost share.

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**DEPARTMENT CHAIRS**

**As a Department Chair you are responsible for:**

- Verifying and ensuring that the department can and will meet its share of all proposed cost share commitments (cash and in-kind).
- Determining that the percentage of faculty or staff time committed as an in-kind cost share contribution is reasonable.
- Signing the Proposal Routing Form as evidence of approval of department proposed cost-share.
- Signing the Cost-share Commitment Acknowledgment of Responsibilities form.
- The signature of the department chair on the cost-share contribution forms shall serve as evidence of adequate review and concurrence of cost share claimed.

## COLLEGE DEANS

**As a College Dean you are responsible for:**

- Verifying and ensuring that academic unit cost share commitments (cash and in-kind) can and will be met without detriment to other approved instructional and research activities
- Signing the Proposal Routing Form as evidence of approval of college proposed cost share.
- Signing the Cost-share Commitment Acknowledgment of Responsibilities form.
- The signature of the college dean on the cost share contribution forms shall serve as evidence of adequate review and concurrence of cost share claimed.

## OSP MANAGERS

**As an OSP Manager you are responsible for:**

- Reviewing program specific guidelines and agency requirements to determine the necessity for cost share during the pre-proposal phase.
- Instructing faculty, before proposal submittal, on their cost share responsibilities should their proposal be funded.
- Verifying the approval of all cost share commitments (cash and in-kind) prior to proposal submission.

**Note to OSP Managers** - always ask the Principal Investigator whether cost share is mentioned in the proposal narrative. If it is, then make sure the cost share is also shown as a specific cost in the budget, subject to the approval of chair and dean. If cost-share is not required by the sponsor, edit narrative accordingly.

### Procedural Steps for OSP Managers

1. Review proposal guidelines to determine whether cost-share is required.
2. Notify PI of guidelines pertaining to cost-share.
  - If cost share is required, review policy and procedures with PI.
3. Obtain cost-share details from PI during budget process. Ensure that PI is only committing to amounts required in sponsor guidelines.
4. Send Cost-Share Acknowledgment form to PI during budget stage.
5. List all cost-share commitments on the Proposal Routing Form.
6. Obtain all cost-share review and approval signatures on the Proposal Routing Form and the Acknowledgment Form.
  - Ensure the PI returns the signed Cost-Share Acknowledgement form directly to you or in red folder during routing.
  - Ensure that the PI has detailed cost-share on the back of the signed Cost-Share Acknowledgement form.
  - Ensure that the College Dean has notated cost-share review on the Proposal Routing Form.

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**OSP ANALYST**

**As the Analyst you are responsible for:**

- Reviewing award documents, program specific guidelines, and agency requirements to determine any cost share requirements during post-award phase of grant, and establishing timeline for cost share documentation.
- Documenting cost share requirements when the account is opened by using *Cost Share Analysis Sheets* (See attachment) and noting requirements on the *New Account Check List* (see attachment).
- Obtain and maintain up-to-date and appropriate cost share documentation for each cost share grant using *Cost Share Summary Sheet* and *Time Certification* forms (see attachments).

**Procedural Steps for Analyst**

1. Review award documents, program specific guidelines, and agency requirements to determine cost-share requirements.
2. Document cost-share requirements when the account is open.
  - Use the *Cost Share Summary Sheet* (see attachment) or *NSF Cost Share Analysis sheet*
  - Note requirements on the *New Account Check List* (see attachment)
  - Enter requirement amount in GMSHAR screen
  - Enter “Y” in cost share field in GLUPKY screen
  - Send PI a notification memo of the cost share requirement
3. Obtain and maintain up-to-date and appropriate cost share documentation for each cost share grant.
  - Use the *In-kind Contribution Report* (see attachment)
  - Use the *Time Certification* form (see attachment)
4. Request updates from PI if necessary to compile cost-share documentation monthly, quarterly, or semi-annually, depending upon the grant requirements.
  - Run the *Cost Share Report* from BiTech System on a monthly basis to determine cost share status for all accounts
5. Ensuring that all cost share required has been fully documented prior to the account closing, and reviewed by the Director of OSP.
  - Use the *Closed Account Check List* (See attachment)
6. Ensuring that all cost share to the National Science Foundation for over \$500,000 is documented and certified in a letter signed by the AVP for

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Graduate Studies and Research. This letter should be directed to the NSF program officer on an annual basis via prescribed NSF means (i.e., Fastlane).

7. Immediately notifying the Director of OSP should any cost share obligations be at risk.

### **VALUATION OF THIRD-PARTY IN-KIND CONTRIBUTIONS**

The valuation of third-party in-kind contributions is what it would have cost if the University had paid for the item or service at the time of donation.

#### **Volunteer Services**

Services provided to SJSURF by volunteers are valued at rates consistent with those paid by the University to its employees performing similar work. If SJSURF does not have employees performing similar work, the applicable rates are those paid by other employers for similar work in the labor market using a standard means of valuation such as <http://www.labormarketinfo.edd.ca.gov/>

#### **Employees of other Organizations**

When an employer other than the University furnishes the services of an employee, these services are valued at the employee's regular pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable but exclusive of overhead costs), provided they are in the same line of work for which the employee is normally paid.

#### **Donated Supplies and Loaned Equipment or Space**

When a third party donates supplies, the contributions should be valued at the fair market value of the supplies at the time of the donation. When a third party donates the use of equipment or space in a building but retains title, the contribution is valued at the fair market rental value of the equipment or space. When such donated supplies or loaned equipment or space is used for cost share the documented fair market value at the time of the donation should be used to calculate the value of the cost share.

#### **Donated Equipment**

Valuation of donated equipment should be secured through the donor. Since the donor will usually take a tax deduction for the contribution, the donor must substantiate to the Internal Revenue Service the value used for the contribution. Therefore, a letter or other documentation should be obtained from the donor stating the value of the contribution at the time of the donation.