

# SJSU Research Foundation Cost Share Policy

## Office of Sponsored Programs

Policy No.: OSP. 03-04-001 Rev. A

Effective Date: 05/01/2017

Supersedes: n/a

Publication Date: 6/29/2017

---

### 1.0 Purpose

The *Cost Share Policy* sets guidelines for the San José State University Research Foundation (Research Foundation) compliance with the OMB Uniform Guidance and sponsor agency when cost share is required.

### 2.0 Responsibility

San José State University campus administrators, in collaboration with Research Foundation Office of Sponsored Programs directors, managers, and analysts, are responsible for the oversight and implementation of this policy. All investigators engaged in research at San José State University are responsible for adhering to this policy.

### 3.0 Scope

This cost share policy applies to all the sponsored program external funding projects that require cost share contributions.

### 4.0 Definitions

This table provides definitions for special terms, acronyms, and abbreviations used in this policy.

Term, Acronym, or Abbreviation	Description
Cost Share or Cost Sharing	The use of institutional or third party funds to supplement project costs not borne by the sponsoring agency; includes all cash and in-kind contributions. Cost share may be in the form of in-kind (non-cash such as donated supplies and services), or cash (a specific dollar amount provided to the Research Foundation and accounted for separately), or a combination of both.
Match or Matching	Is a method of cost sharing the generally defines a specific ratio of sponsor and institutional commitment as determined by the sponsors requirements usually described in the solicitation or guidelines.
External Cost Share	The Research Foundation identifies cost share included in proposals to sponsors as external cost share.
Internal Cost Share	Cost share promised to a project by a university department or college, but not submitted as a cost share commitment within the proposal to the sponsor. Internal cost share does

	not require document or tracking.
In-Kind Contributions	Those contributions wherein a value of the contribution can be readily determined, verified, and justified but where no actual cash is transacted in securing the good or service comprising the contribution.
Cash	Cash contributions differ from in-kind contributions in that an actual cash transaction occurs, and can be documented in the accounting system. Cash contribution must come from the eligible sources. This includes allocation of compensated faculty and staff time to projects. Although it is easy to mistake the allocation of compensated faculty or staff time as a donation or as in-kind because the faculty or staff member would be compensated regardless of the advent of the sponsored project, the value is the result of a cash transaction and should be treated as a cash contribution. Another example of a cash contribution is the purchasing of equipment by the institution or other eligible sponsor for the benefit of the project requiring cost sharing.
Mandatory Committed	Occurs when the sponsoring agency states that cost share is required as part of the proposed budget. The sponsor should provide this in the guidelines or solicitation and indicate the allowable types of cost share.
Voluntary Committed	Occurs when cost share is not mandated by the sponsoring agency, but rather is offered by the institution or a third party source. For the Research Foundation, voluntary cost share is used only when sponsors place a merit value for award on the inclusion of cost share.

## 5.0 Policy

It is the policy of the Research Foundation to comply with the OMB Uniform Guidance and applicable sponsors' guideline for cost share commitment.

Proposals represent a significant commitment by the Research Foundation, San José State University, principal investigator, staff effort, space, facilities and assurances and certifications regarding how the project will be performed. Thus, because all cost shares represent significant commitments, they are subject to audit and require appropriate documentation of expenditures.

Voluntary cost share is not permitted, unless specifically stated in the sponsoring agency guideline that voluntary cost share would merit award for a proposal. Cost share commitments are only to be made when required by the sponsor, and only to the amount 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.

If cost share requirements are not being met, it is likely that the sponsor with whom costs are being shared will request that the award or grant funds be returned. For that reason, it may be necessary for the Research Foundation to stop further expenditures of sponsored funds, including those for personnel, until cost sharing objectives are met.

## **5.1 Roles and Responsibilities**

### **5.1.1 Principal Investigator**

The principal investigator is responsible for the following:

- Disclosing all the internal and external sources of cost share to the Research Foundation and San José State University authorized officials for the project and disclosing all cost share commitments written in the project narrative before proposal submission;
- Obtaining approval from authorized signers (i.e. chair and dean) for the purpose of cost share;
- Securing all necessary cost share and matching fund commitments from academic units or external sponsors in accordance with specific agency program requirements;
- Completing and signing the Cost Share Commitment Acknowledgment of Responsibilities Form along with confirmation of cost share commitment on a source by source basis;
- Ensuring that the cost share commitments will be met as stated on the proposal;
- Fully assisting the Research Foundation in obtaining accurate and detailed records and receipts to explain and certify fulfillment of cost share commitments;
- Providing the required documentation for all cost share certifications.

### **5.1.2 OSP Senior Director**

The OSP senior director is responsible for the following:

- Reviewing and approving all cost share proposals;
- Determining that the percentage of faculty or staff time committed as an in-kind cost share contribution is reasonable based on the proposed budget;
- Signing the Proposal Routing and Approval Form as evidence of approval of any department's proposed cost share.

### **5.1.3 OSP Associate Director Pre-Award**

The OSP associate director Pre-Award is responsible for the following:

- Reviewing of all cost share proposals for accuracy and completeness;
- Signing the Proposal Routing and Approval Form as evidence of approval of department proposed cost share.

### **5.1.4 OSP Manager**

The OSP manager is responsible for the following:

- Reviewing program specific guidelines and agency requirements to determine the necessity for cost share during the proposal phase;
- Advising the faculty and staff, before proposal submittals, 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:** OSP managers should determine whether cost share is mentioned in the proposal narrative. Cost share is typically only allowed when it is required by a sponsor. However, if cost share is required, it should be shown as a specific cost in the budget, subject to the approval of the chair and/or dean.

If cost share is not required by the sponsor, it should not be included in the budget detail or mentioned in the proposal narrative; otherwise the PI will be responsible for obtaining cost share support documentation even though it is not required by sponsor.

#### **5.1.5 OSP Analyst**

The OSP analyst is responsible for the following:

- Reviewing award documents, program specific guidelines and agency requirements, and determining any cost share requirements (based on the budget detail) during the post-award phase of the grant;
- Sending the cost share memo and establishing a timeline for cost share documentation with PI;
- Documenting cost share requirements when the account is opened with a Cost Share Summary Sheet, noting all such requirements on the New Account Checklist; and entering cost share amount into One Solution;
- Obtaining and maintaining an up-to-date cost share log and appropriate cost share documentation for each cost share grant using a Cost Share Summary Sheet, cost share spreadsheet, and cost share certification forms.

#### **5.1.6 OSP Associate Director Post-Award**

The OSP associate director Post-Award is responsible for the following:

- Ensuring that all cost share contributions are met;
- Ensuring that required documents are on file before the account is closed.

## **5.2 Requirements and Objectives**

In order to ensure that the Research Foundation cost share commitment is obtained and documented as required by the federal government and external sponsors, the Research Foundation maintains all records of cost share in accordance with OMB Uniform Guidance 2 CFR Part 200.306

Per 2 CFR 200.306, for costs to be acceptable as cost share, expenditures must meet all of the following criteria:

- Be verifiable in university or third party records;
- Not be included as a contribution for any other federally assisted program;
- Be necessary and reasonable to accomplish project objectives;
- Be allowable under the applicable cost principles (OMB Uniform Guide 2 CFR 200.420–200.475);

- Not be paid by another federal award;
- Be expensed during the project period of the grant or contract, not before or after.

To ensure that the university meets its contractual, financial, and administrative requirements related to cost share, if there are any cost share commitments required by a sponsor or grant, including any narrative statements, these must be included on the Proposal Routing and Approval Form. This form must contain a clearly detailed proposed budget and be approved by the responsible San José State University officials, who must sign both the Proposal Routing and Approval Form and a Cost Share Commitment Acknowledgment of Responsibilities Form.

To ensure that cost share is documented and reported to sponsoring agencies as required all cost share claims are subject to audit by the Department of Health and Human Services, as well as other independent sponsoring agencies, such as the National Science Foundation, and internal and external auditors.

### 5.3 Acceptable Expenditures

In general, costs normally treated as direct costs for certain sponsored projects may be used to meet cost share obligations. Examples of expenditures that may be used to meet cost share obligations include, but are not limited to: faculty, staff, or student salaries, supplies, travel expenses, and equipment purchased solely for the project.

**Note:** Existing inventory of equipment used as cost share is not encouraged as the calculation of its cost share value is further complicated by depreciation and perforation of use.

### 5.4 Unacceptable Expenditures

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

- Unallowable purchases, such as alcoholic beverages, entertainment, and memberships in community organizations.
- Educational discounts, these are provided to all educational institutions, and are not considered out of the ordinary. If a vendor deeply discounts a purchase beyond the normal educational discount, then that value must be officially assigned as a gift by the vendor, in writing.
- Any other costs which are not relevant or necessary to the project.

San José State University does not waive or reduce facilities and administrative costs (indirect costs) in order to meet sponsor cost share requirements. If the program requires cost share and the sponsor has a limit on indirect cost rates, the remaining percentage of F&A costs can be shown as waived cost share if approved by the sponsor. This arrangement does not apply to any U.S. Department of Education training grants.

## 6.0 Related Policy Information

The following conditions apply only when approved by the sponsor.

### 6.1 Valuation of Third-party In-kind Contributions

In-kind contributions can be used toward a required cost share payment. The value of the third-party in-kind contribution is based on the fair market price of the item or service and is the price the university would have paid at the time of donation.

### 6.2 Volunteer Services

Services provided to SJSU by volunteers are valued at rates consistent with those paid by the university to its employees performing similar work. If the university does not have employees performing similar work, the applicable rates are those paid by other employers for similar work in the labor market.

### 6.3 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.

### 6.4 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 are 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.

### 6.5 Donated Equipment Subsection

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.

### 6.6 Under Recovery of Facilities and Administrative Cost

When the sponsor requires a facilities and administrative rate that is lower than the institution's federally negotiated rate, the institution is allowed to claim the cost difference as cost share.

## 7.0 Required Forms

This table contains a list of forms and special tools referenced in this document.

Form	Description of Use
Proposal Routing and Approval Form	Used in the Pre-Award process for required approvals; includes the cost share commitment amount and type.
Cost Share Commitment Acknowledgment of Responsibilities Form	Used in the Pre-Award process for principal investigators to certify their understanding of the Research Foundation <i>Cost Share Policy</i> and Cost Share Procedure, and to acknowledge

	their responsibility for obtaining, providing, and documenting the cost share commitment.
Cost Share Summary Sheet	Completed by the Post-Award analyst based on information from the budget detail and Cost Share Commitment Form.
Time Certification for In-Kind Contribution	Documents the time frame of payments, time share, budget, and goals for a specific project.
In-Kind Contribution Report	Certifies non-labor contributions.
Closed Account Checklist	To be completed and submitted by PI to OSP upon the closing of a cost share account.
Required Sponsor Specific Forms	Specific forms required by the sponsor to be used when reporting cost share. Refer to sponsor requirements.

## 8.0 References and Related Information

These are the referenced or related documents for the *Cost Share Policy*.

OMB Uniform Guidance

## 9.0 Record Retention

All cost share related documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements for three years unless required longer by sponsor.