

SJSU Research Foundation Cost Share Policy

Office of Sponsored Programs

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1.0 Purpose

This policy describes the circumstances when cost sharing and matching are allowed for inclusion in sponsored projects submitted to external agencies. The policy sets the allowability of cost sharing/matching, the items that are generally allowed or preferred for cost sharing/matching, and the financial reporting requirements and procedures for tracking and reporting cost share/matching for sponsored projects in a manner consistent with the requirements set forth in federal regulations, primarily the Office of Management and Budget (OMB) Uniform Guidance 2CFR200.

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 the policy.

3.0 Scope

This policy applies to all principal investigators (PIs).

4.0 Definitions

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

Term, Acronym, or Abbreviation	Description
Award	The provision of funds based on an approved application and budget, to an organized entity to carry out an activity or project. This includes both direct and indirect (Facilities & Administrative (F&A) costs) unless otherwise indicated.
Cost Share or Matching	The value of third party in-kind contributions and the portion of the costs not borne by the sponsor.
In-kind Contributions	The value of all non-cash contributions, including services and property, provided by SJSU and/or third parties.
Key Personnel	The PI and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they receive salaries or compensation under the grant. Typically, these individuals have doctoral or other professional credentials.

5.0 Policy

External funding for sponsored activities provides essential support for research, educational, and scholarly pursuits in all areas. Often it is necessary or important for the institution to share in the costs associated with conducting an externally-funded grant or contract by providing cost sharing or matching, either as a requirement of the project or as an enhancement to the project. Cost sharing/matching occurs any time the full project costs are not borne by the funding sponsor, including salaries and associated fringe benefits. It is the policy of SJSU and SJSURF not to provide voluntary committed cost sharing/matching on sponsored projects as described in this policy statement.

5.1 Allowability and Use

The federal government defines cost share/match according to the reporting requirements associated with it as follows: mandatory cost share; voluntary committed cost share; and voluntary uncommitted cost share (as defined below). Cost share/match requirements should first be met by a redirection of the state-supported salary contributed to the effort of the project by the principal investigator (PI) or other personnel assigned to the project. When in-kind contributions of state-supported salaries, fringe benefits, and associated indirect costs are insufficient to meet the required cost share/match, other sources, including cash, may be approved.

In all instances of proposal submission, a PI/co-PI, co-I must commit a measurable level of effort to the project.

- **Mandatory cost share/match** is that portion of a sponsored project that is required to be contributed to the benefit of the project from non-sponsored funds. Mandatory cost share/match occurs when cost share/match is required by the sponsor as a requisite for proposal submission, and it should meet, but not greatly exceed, the required percentages outlined in writing by the sponsoring agency. Mandatory cost share/match must be in the form of allowable costs in accordance with sponsor regulations and must be documented by auditable records.
 - **Example:** If a PI (or project staff) is required by the sponsor to commit 10% effort on a project as a condition of the award, the 10% effort not supported by the grant funds is Mandatory cost share.
- **Voluntary committed cost share/match** occurs when cost share/match is not mandated by the sponsor, but the proposal includes auditable support in the budget or narrative, such as a percentage of unpaid effort to the project. Voluntary committed cost share/match should always be avoided. Voluntary committed cost share/match on federal research proposals is not expected, and cannot be used as a factor during the merit review of applications or proposals.
 - **Example:** If a PI (or project staff) proposes to devote 35% effort to a project but only requests 25% salary support, the additional 10% effort that will be supported by SJSU is Voluntary Committed Cost Sharing.
- **Voluntary uncommitted cost share/match** refers to any effort or resources contributed to the sponsored project beyond that which is committed and budgeted for in a sponsored agreement. Such voluntary uncommitted cost sharing is not included in either the proposal budget or the narrative.

- **Example:** If a PI (or project staff) proposes and charges 25% effort, but the PI actually devotes 35% effort, the additional 10% effort that was not originally promised is the voluntary uncommitted cost share. The additional 10% effort is not charged to the grant.

To be acceptable as cost sharing, expenditures must meet the following criteria as set forth in the Uniform Guidance.

- Be verifiable from official university accounting records;
- Not be used as cost sharing for any other sponsored program or activity;
- Be necessary and reasonable for proper and efficient accomplishment of project objectives;
- Be allowable under Subpart E - Cost Principles;
- Not be paid by federal funds under another award except where federal statute authorizing a program specifically provides that federal funds made available for such program can be applied to matching or cost sharing requirements of other federal programs;
- Be incurred during the effective dates of the grant or contract.

Examples of expenditures which may be used as cost share are:

- Faculty, staff, and student salaries, and applicable actual fringe benefits;
- Documentable laboratory supplies;
- Unrecovered overhead (F&A).

5.2 Documentation and Responsibility for Management

The most efficient and preferable method to provide mandatory cost share is through contributed salary, fringe benefits, and associated indirect. These costs are easily tracked through the appointment process, which provides an automatic record for documentation through effort certification.

The terms cost-sharing and matching are often used interchangeably, but may also be defined explicitly by various sponsoring agencies. For internal purposes, the university will clarify the reporting requirements through the accounting system by use of specific fund accounts. In this way, the terms “cost share” and “matching” may be used interchangeably, but the requirements for managing and reporting will be defined by the fund account through which they are associated.

Once cost sharing or matching costs have been committed to a sponsored project, those costs must be documented periodically and included in the financial records for that project. In accordance with regulations, the rules for reasonable, allocable, and allowable expenditures apply to the cost shared and matched expenditures the same way they do for the sponsored expenditures. In other words, contributions of cost.

Documentation

Cost sharing commitments that are mandated by the sponsor on federal, state or private awards should be provided from department or college resources. SJSURF requires that the Office of Sponsored Programs review agency guidelines and policy guidelines to determine whether cost sharing is necessary. All cost sharing commitments on sponsored grants must be reviewed and approved by the department chair, college dean, Office of Research associate vice president, and Office of Sponsored Programs director.

When the grant is awarded, cost sharing commitments are established in the accounting system by the OSP Post-Award analyst at the time of the award. Ongoing periodic reviews of cost sharing commitments are conducted by OSP Post-Award.

Additional cost sharing issues may arise as a result of changing cost share after a grant has been awarded by the sponsor.

6.0 Related Policy Information

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, 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

Valuation of donated equipment should be secured through the donor. Since the donor usually takes 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 to obtain required approvals for a grant submission; 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 <i>Cost Share Procedure</i> , 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.
Closed Account Checklist	To be completed and submitted by PI and OSP Post-Award analyst 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

[OMB Uniform Guidance 2CFR200.](#)

9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements.

Record	Retention
<i>Cost Share Policy</i>	This document is effective until further revised or updated. All cost share-related documents and records are maintained in accordance with SJSURF record retention requirements for three years unless required longer by sponsor.