Cost-Share / Matching Funds / In-Kind Contribution Policy

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POLICY

“Cost-Sharing,” “Matching,” or “In-Kind” contributions are defined as the portion of the cost of a sponsored project that is borne by the University as a specific contribution to a project. They can be represented by both direct and indirect costs. Cost-sharing must be verifiable from University records, necessary and reasonable for proper and efficient accomplishment of the project, and allowable under Federal cost principles and regulations (OMB Circulars A-21 and A-110).

San Francisco State University (SFSU) supports sponsored activities of its faculty, and ensures that its cost sharing commitments do not overburden its resources. Cost-sharing should be limited only to those situations where it is an eligibility requirement for a proposal submission, or when it will provide a competitive advantage. Such an advantage is often marked in the program description by stating that institutional support and/or cost-sharing is included as a review criterion.

Once cost-sharing is included and quantified in a sponsored project proposal budget and/or budget justification, it becomes an SFSU commitment and must be honored.

SCOPE

When a Principal Investigator (PI) proposes to include University resources as a cost-sharing commitment, the commitment must be approved by all units providing the resources stated as cost-share (e.g., department, college, ORSP), before ORSP approves the submission of the proposal.

There are three categories of cost-sharing—mandatory, voluntary committed or voluntary uncommitted. Cost-sharing commitments at SFSU can be made either as Matching Funds, or as In-Kind Contributions.

Once the application or proposal is funded by a sponsoring agency, SFSU will provide the resources stated as cost-sharing in the proposal, and will provide the same financial accounting and fiduciary oversight for these resources as it does for the sponsoring agency funds.

If a sponsored project proposal that includes cost-sharing is awarded, the PI and ORSP administrative staff, and Fiscal Affairs, jointly assume the responsibility to monitor, document, and report its cost-sharing commitment to the sponsoring agency.

A. Examples of Acceptable Types of Expenses for Cost-Sharing

- PI and/or other staff salaries and wages and associated fringe benefits, including payroll above the federal salary cap on NIH awards in some situations.
- Project-related laboratory supplies or services.
- Special purpose equipment whose purchase is necessary for the conduct of a particular project.
- Costs incurred by sub-awardees (also called third-party contributions).
Reduced or waived facilities and administrative costs. Note: Associate Vice President for Research’s prior approval is required to use reduced or waived facilities and administrative costs as a cost-sharing commitment.

There may be certain instances where an award from a foundation, e.g. Robert Wood Johnson Foundation, could be used as a source for cost-sharing. In this instance, it is required that the scope of work of both projects be closely related.

B. Examples of Unacceptable Types of Expenses for Cost-Sharing

- Any costs normally treated as F&A or indirect costs--administrative salaries and wages, routine supplies, routine postage.
- Any costs recovered through SFSU’s indirect costs rates--examples of these costs would be the University operations and maintenance costs, use of University space, and use of SFSU’s existing equipment.
- Any cost that cannot be quantified.
- An expense that does not directly assign a benefit to the activity and as such is not allocable to the sponsored project.
- An unallowable cost on an award. For example, if a program announcement indicates that travel is an unallowable cost on an award, it is also unallowable as a cost-sharing expense.
- Existing equipment to be used on a project cannot be proposed as a cost-sharing commitment. An exception to the exclusion of equipment as cost-share is the use of a service center that has a specified recharge rate (e.g. use of an electronic microscope facility). Such use can be applied as a cost-sharing commitment as long as there is a documented rate for that facility.

C. Including Cost-Sharing on a Proposal

- All mandatory and voluntary committed cost-sharing must be included in the proposal submitted to the sponsor by SFSU.
- Cost-sharing on federally funded projects must meet the same eligibility requirements as other expenses on any federal award. Costs must be reasonable, allowable and allocable under OMB Circulars A-21 and A-110 in addition to being necessary for the project.
- A cost-share commitment must also be reasonable, necessary, allowable and allocable under the sponsoring agency’s guidelines.
- The same expense cannot be committed multiple times as cost-sharing (e.g. the same piece of equipment cannot be included as a cost-share commitment on multiple projects).
- The PI must complete the Notice of Cost Sharing/Matching Contribution document during the proposal submission process. The Notice of Cost Sharing/Matching Contribution document must be approved by all units providing the resources stated as cost-share (e.g. department, college, ORSP). This document and the proposal budget will be reviewed and approved by the Associate Vice President for Research and the Compliance Officer.
- A third party may contribute cost-sharing for an SFSU sponsored project (e.g. consultant may donate time to assist with a project or a foundation may purchase a piece of equipment to be used on a federal grant).
- It is never appropriate to use a piece of equipment as cost-share on a federal grant if the equipment item was purchased using federal funds (e.g. from a different federal grant).
- When third party cost-sharing is included in a proposal to meet sponsor requirements the source of cost-sharing should be clearly stated and documented.
SFSU, as the prime recipient, is responsible for providing the cost-sharing offered in the proposal. If the third party does not honor their commitment for cost-sharing, SFSU, as the awardee, is still responsible for meeting its commitments.

D. Documenting Cost-Share Commitments

- When the proposal is awarded, a separate “companion” cost-sharing project will be established in the financial system so that cost-sharing can be separately tracked for reporting to the sponsoring agency.
- The units that have committed to the cost-share will transfer funds into the cost-share project to cover the cost share expenses. The following are issues of particular importance to units that will host sponsored projects that include cost-share elements:
  
  a. Cost-sharing Involving Labor
     i. Labor costs included as cost-sharing, including in-kind contributions of faculty time (contributed Reimbursed Release Time) will be included in the cost-sharing project budget so that contributed effort can be tracked in the Financial Management System (FMS).
     ii. Mandatory or voluntary committed cost-sharing involving labor costs requires identification of the effort to be quantified in the proposal budget and budget justification. The Cost-Sharing/Matching Contribution form will contain information that identifies the source covering those labor costs.
  
  b. Cost-Sharing from a Third Party
     i. If a third party or sub-recipient is providing cost-sharing, SFSU must receive documented verification that the cost-sharing commitment was honored.
     ii. Sub-recipients should report their cost-sharing commitments on the invoices they submit to SFSU for payment.
     iii. If the third party cost-sharing comes from an entity not involved in a sub-award, that entity may provide a letter of certification for the cost-sharing commitment.
     iv. SFSU reserves the right to verify any rates or amounts offered as third party cost-sharing.
     v. If volunteer services are used, the requirement for verification will be met by the use of “timesheets” for number of hours worked. Either the prevailing minimum wage or the SFSU pay scale, whichever is appropriate, will be used as the hourly rate of pay.

E. Changes in Cost-Sharing

- If an award amount is less than what was included in the proposal budget, the PI should notify ORSP. ORSP will contact the sponsor to negotiate a possible reduction in the cost-share commitment associated with the award.
- If the PI anticipates that the cost-sharing commitment will not be met, the PI must contact ORSP immediately. Any reduction in budget is commensurate with reduction in scope of work, and the sponsor’s prior approval would be required. **If cost-share commitments are not met by SFSU, the sponsor has the right to reduce the funding amount.**

F. Reporting Cost-Sharing

- A companion cost-sharing project account will be established in the FMS to capture the cost-sharing commitment.
Fiscal Affairs will report the cost-sharing expenses from this project at the time financial reports are submitted.

When third party cost-sharing is used, PI’s are expected to obtain appropriate documentation of that third party’s cost-sharing contributions.

If there is a sub-award, the sub-awardee should report the cost-sharing contribution on their invoices.

If there is no sub-award, the third party contributor can provide a letter that provides sufficient detail of the cost-sharing contribution, and the PI should forward copies of those letters to the ORSP Grants Administrator managing his or her project.

G. Project Cost Overruns

- Cost overruns are considered to be cost-sharing.
- Fiscal Affairs must transfer them via a journal entry to a non-federal source of funds.
- All project cost overruns will be expensed to the companion cost-share project and funds will be provided by the responsible unit to pay for the additional expenses.
- If a cost-share project does not exist for the award, the project cost overrun will be covered by the home Department or with College funds.

ROLES AND RESPONSIBILITIES

Office of Research and Sponsored Programs (ORSP)

- **Proposal Specialist**
  - Confirms with the PI that cost-sharing will be requested.
  - Completes the SFSU Notice of Cost-Sharing/Matching Contribution and forwards the form to the PI for Dean or Department Chair approval of cost-share funds.
  - Ensures that the cost-share commitment is identified in the proposal budget.

- **Personnel Specialist**
  - Creates a record for any cost shared labor in the Personnel Database.
  - Distributes the Labor Cost Share Pre-Certification form to the PI for signature.
  - Ensures that the signed Labor Cost Share Pre-Certification form is returned to ORSP.

- **Associate Vice President (AVP) for Research**
  - Signs the cost-sharing form and the proposal routing slip if the cost-sharing is approved.
  - Once an award is received, the AVP of Research reviews and approves In-Kind Cost-Share Reports.

- **Grants Administrator**
  - Assigns cost-sharing projects in FMS to a sponsored project.
  - Reviews the Labor Cost-Share Pre-Certification Form.
  - Works with the PIs and departments to monitor cost-share expenses and finalizes cost-share figures for financial reports to the sponsor.
Compliance Officer
- Ensures that the Notice of Cost-Sharing/Matching Contribution document has been reviewed, approved and signed by all appropriate parties.
- Ensures that Labor Share Pre-Certification records are accurate and complete for each semester.
- Reviews the cost-sharing component of the budget to ensure that the cost-share commitment is allowable and allocable.

Fiscal Affairs
- Fiscal Affairs Accountant II
  - Processes the Labor Cost-Share Pre-Certification form and enters the budget data for the cost-share project into the FMS.
  - Is responsible for including the accurate cost-share figure on the financial reports to the sponsor.
  - Contacts the Grants Administrators to confirm the cost-shared amount to be included in the financial reports for the project.

Academic Department
- Principal Investigator
  - Communicates the rationale for the cost-sharing to the Dean and Department Chair, and obtains their approval for the cost-share request.
  - Ensures the reasonableness and appropriateness of all cost-sharing on projects by clearly identifying cost-share commitments in the proposal’s budget and budget justification.
  - Signs the Notice of Cost-Sharing/Matching Contribution document at the proposal stage.
  - Reviews and signs the Labor Cost-Share Pre-Certification and returns it to ORSP.
  - Maintains and shares records that support cost-sharing and assists with the preparation of cost-sharing reports to the sponsor as requested by the funding agency.
  - Certifies all labor-related cost-sharing through SFSU’s time and effort certification system.
  - Reviews and certifies all non-labor-related cost-sharing through FMS.

- Department Chair
  - Approves any proposed cost-sharing that will be funded from a department account by signing the Notice of Cost-Sharing/Matching Contribution document.
  - Approves cost shared labor by signing the Labor Cost-Share Pre-Certification form.

- College Dean
  - Approves any proposed cost-sharing that will be funded from a college or subsidiary center account, by signing the Notice of Cost-Sharing/Matching Contribution document.
  - Evaluates the workload implications of proposed cost-sharing to ensure that a PI’s total effort does not exceed 100 percent and approves a PI’s cost-sharing commitments at the time of proposal submission.
  - Approves cost shared labor by signing the Labor Cost-Share Pre-Certification Form.
Academic Affairs

- Provost
  - Upon the request of the AVP for Research, the Provost may approve cost-sharing requests for unusually large amounts or for cost-sharing contributions from non-departmental funds.

RELATED DOCUMENTS

- OMB Circular A-21, “Cost Principles for Educational Institutions”
- OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Higher Education, Hospitals and Other Non-Profit Organizations”
- OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations”
- California State University Policies and Procedures