

**JACKSONVILLE STATE UNIVERSITY**  
**Manual of Policies and Procedures**

**POLICY NO.: I:01:22**

**DATE: January 16, 2019**

**REVIEW/REVISION DATES: 01/2019**

**SUBJECT: Cost Sharing/Matching for Grants**

**APPROVED: John M. Beehler, President**

**PURPOSE**

Jacksonville State University (JSU) has established the following policy for the management of cost sharing to comply with the requirements of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) and federal agency policies and procedures. Additionally, any non-federal sponsor cost share requires similar diligence to recognize the commitment and maintain appropriate documentation which provides evidence of a cost sharing commitment. Therefore, all cost sharing is subject to this policy.

**OVERVIEW OF POLICY**

Cost sharing is defined as any project cost that is not reimbursed by the sponsor to support the scope of work defined by the federal or non-federal sponsored award. Cost sharing, also known as matching, is funded by JSU or a third-party, which is generally a non-federal resource. JSU strongly discourages cost sharing, unless such a commitment is required by the federal or non-federal sponsor. All committed cost sharing must be tracked and may require reporting.

Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Sections 2 CFR 200.306 (“Uniform Guidance”) states that “Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.” If a proposal with voluntary cost sharing is approved, that cost share

becomes a mandatory part of the award; therefore, voluntary cost sharing should not be included in a federal proposal.

Cost sharing expenditures must adhere to the same accounting, financial, legal, and regulatory requirements as direct cost expenditures on sponsored awards and must comply with the following:

- Federal or non-federal sponsored award terms and conditions
- Federal regulations including restrictions for procurement and airfare
- University and school-level sponsored policies and guidelines
- Donor restrictions

For federally-funded sponsored awards, Uniform Guidance Section 200.306 requires that “cost sharing funds are a) verifiable from the University's records b) not included as contributions for any other federal award c) necessary and reasonable for the accomplishment of the project or program objectives d) are allowable under Subpart E Cost Principles e) not paid from another federal award and f) included in the approved budget when required by the Federal awarding agency.”

Failure to appropriately document cost sharing commitments from verifiable official University records could result in audit findings and require the return of funds to the sponsor.

## **POLICY**

All Principal Investigators (PIs)/Project Directors (PDs) and administrators at Jacksonville State University within all schools, units, divisions, University-wide initiatives, and centers who are involved with the administration and conduct of sponsored awards must comply with this policy.

### **Types of Cost Sharing**

1. **Mandatory Committed Cost Sharing:** These are costs required as a condition of the award, must be tracked, and may require reporting. This type of cost sharing is required by the Sponsor and must be included in the proposal.
2. **Voluntary Committed Cost Sharing:** This cost sharing is specifically pledged by JSU on a voluntary basis and is quantified in either the proposal budget and/or narrative and becomes a binding requirement of the award, must be tracked, and may require reporting. *When a PI decides to use other funding source(s) to fulfill a proposed and budgeted effort commitment, that effort must be treated as voluntary committed cost*

*sharing for both effort reporting and inclusion in Facilities and Administrative rate calculation purposes; however, reporting to the sponsor is not required.*

3. Voluntary Uncommitted Cost Sharing: These costs and effort are not included as part of the submitted proposal or upon acceptance of the award. Such costs do not need to be tracked or reported.
4. Over-the-Cap Salary: The portion of a faculty or staff member's salary and associated fringe benefits that exceed regulatory maximum imposed by the sponsor (e.g., National Institutes of Health and Department of Defense salary cap). Over-the-cap salary cannot be used to meet a mandatory or voluntary committed cost sharing requirement, since it is considered an unallowable cost to the sponsor.

### **Allowable Costs for Cost Sharing**

For expenses to be eligible for cost sharing, costs must be all of the following:

- Allowable and allocable under federal cost principles and the terms of the sponsored agreement;
- Necessary and directly related to the project objectives;
- Represent costs incurred during the project period of performance;
- Be verifiable from JSU's records; and
- For labor costs, certifiable in the effort planning and certification process.

The costs must not be any of the following (unless explicitly approved by the sponsor):

- Included as cost sharing for any other sponsored project;
- Payable by the same sponsoring agency under another award;
- Payable by a different sponsoring agency within the same governmental jurisdiction under another award (e.g., federal funds must not be used for cost sharing on another federal project);
- Otherwise unfunded salary for the effort that is outside of the contractual appointment (e.g., unfunded summer months for faculty with nine-month academic appointments).

Use of waived Facilities and Administrative (F&A) costs for meeting cost-sharing commitments must be specifically identified in the proposal narrative, budget, and/or budget justification and accepted (or not specifically disapproved) by the sponsor.

## **Roles and Responsibilities**

PI/PD & Department are responsible for the following:

- Proposal stage
  - Identifying the type of committed cost sharing and ensuring the cost share budget includes expenditures that are allowable, allocable, reasonable, and consistently accounted for in accordance with University and sponsor policies
  - Obtaining school approval and signatures from the appropriate school authority prior to proposal submission
- Upon receipt of award and during the award period
  - Upon request from the submitting office (Office for Sponsored Programs (OSP)), determining if there have been any changes in the proposed cost sharing commitment (e.g. increased or decreased amount)
  - Notifying submitting office and updating University records when there is a change in cost sharing source:
    - From University to other sponsored funds
    - From other sponsored to University funds
    - From one sponsored fund to a different sponsored fund
  - Monitoring the committed cost share through verifiable University records throughout the entire award period
  - Providing cost sharing information to the Sponsored Programs/Grant Accountant for reporting, if required by the sponsor
  - Upon closeout, providing cost share information and confirming the cost sharing commitment has been met and coordinate with the Sponsored Programs/Grant Accountant to resolve any cost sharing discrepancies
  - Assuming any financial loss if cost sharing commitments are not met and sponsor does not approve a reduction of cost sharing commitment

Provost/Deans are responsible for the following:

- Proposal stage
  - Reviewing proposal for cost sharing commitments and providing dean's/designee's approval
- Upon receipt of award and during the award period
  - Confirming that funds are available for cost sharing as committed or requesting that the department/local level managing unit provide an alternate source of funding to meet the commitment if adequate funds are not available
  - Working closely with department/local level managing unit and PI/PD to monitor committed cost share through verifiable University records throughout the entire award period
  - Upon closeout, coordinating with the department/Dean/Provost and the Sponsored Programs Accountant (SPA) to resolve any cost sharing discrepancies

Office of Sponsored Programs (OSP) is responsible for the following:

- Proposal stage
  - Reviewing proposals for cost sharing commitments and determining if the proposed cost sharing is allowable and in compliance with sponsor and University policies and ensuring the appropriate school-level approvals for cost sharing sources are obtained
- Upon receipt of award and during the award period
  - Determining whether there have been any changes to the proposed cost sharing commitments
  - Confirming with the department/local level managing unit that committed cost sharing funds are available
  - Requesting a renegotiation of the cost sharing commitment from the sponsor if cost sharing obligation cannot be fulfilled (Note: If the sponsor is unwilling to renegotiate the cost sharing terms of the award, the University may be forced to decline the award.)

Sponsored Programs Accountant is responsible for the following:

- During the award period and at award closeout
  - Establishing a separate fund in the accounting system to track cost sharing expenditures

- Confirming that the cost share has been met and complies with University and sponsor policy
- Coordinating with department/local level managing unit to address and clarify potential cost sharing issues and, if necessary, resolve with school-level officials
- Reporting cost share commitment to sponsor, if required

## **PROCEDURES**

If cost sharing is proposed, must be submitted, and approved via Cayuse 242 (see more information here [Sponsored Programs Proposal Development](#)). PIs/PDs must notify OSP of the intention to respond to a solicitation that requires cost sharing and to submit their proposals for review in a timely manner. Documentation that evidences both mandatory and voluntary cost sharing pledged by the school, department, and/or administration must be submitted to OSP prior to proposal review.

Approved requests for cost sharing contributions from the Senior Director of Sponsored Programs should be fully documented in a memo or email. Documentation of the cost sharing commitment must be provided to OSP prior to proposal submission.

## **DOCUMENTATION**

All mandatory and voluntary committed cost sharing expenditures of a sponsored project must be properly recorded and reported. Once the award is accepted, failure to comply with the cost sharing commitment may result in a loss or return of project funds. Over-contributing prevents use of these funds for meeting commitments on other projects; under-contributing may result in a corresponding reduction in the award. If it is anticipated that there will be a significant under-contribution, the PI/PD must immediately notify the Office of Sponsored Programs. OSP will work with the PI/PD and/or department administrators to document and monitor JSU cost share to assure all commitments are met.

In-kind contributions from third parties must be properly documented via memo or letter from the third party contributing the support. Volunteer services should also be documented by the same methods. Additionally, the basis for determining the valuation of personal service, material, equipment, buildings, and land must be reasonable and properly documented.

Documentation is also required for cost sharing from subcontractors. All institutions receiving subcontracts from JSU must provide information on their cost sharing contributions. In most cases, the subcontractor will be required to report cost sharing on invoices. The subcontractor is responsible for maintaining the documentation of such costs should auditors require it.

### **REVISIONS TO MANDATORY AND COMMITTED COST SHARE**

It is important that the PI/PD monitor the cost share commitment on an ongoing basis to assure that institutional obligations are met. In addition, when faculty time is pledged as cost sharing, the pledge should be reviewed by the PI/PD and the department (both mandatory and committed) to assure that the contribution to the project is still within the 100% effort distribution that must be certified during the effort certification process. If any changes to the cost sharing agreement are required, a revised cost sharing plan should be submitted to OSP for review. OSP will review the proposed changes and coordinate sponsor approval, if required. Changes requiring review include, but are not limited to:

- Changes to the amount of cost share contributed
- Changes to the source of the cost share
- Changes to the period in which the cost share will be committed

### **RESPONSIBILITY**

The Director of University Budgets, Grants & Contract Accounting is responsible for this policy.

### **EVALUATION**

This policy will be reviewed every five (5) years.

### **REFERENCE**

[OMB Uniform Guidance](#)

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