

II. Definitions:

- A. Cost Share: the portion of a project that is not funded by the sponsor. Rather, Cost Share is funded by either FAU or a third (non-federal) party. Cost share is further classified as either mandatory or voluntary.
- B. Cost Share Account: an account that is established to record the University's contributions to the project. When a project has either mandatory or voluntary committed cost share that is funded by FAU, a "parallel" cost share account will be set up. Direct costs are charged to the Cost Share Account and appear as expenditures on the Departmental Ledgers.
- C. Cost Share Monitoring Memo: a memo that is sent out to the Departmental Budget Coordinators by Research Accounting periodically, outlining the PI's responsibilities involved in meeting the cost share obligation. A Cost Share Monitoring Memo is attached (See Exhibit I).
- D. Cost Share Status Report: a report attached to the Cost Share Monitoring Memo that is sent to the Department Budget Coordinator by Research Accounting to provide the following information:
1. Cost Share Account Number
 2. FAU Project Account Number
 3. Sponsor
 4. Period of Performance
 5. Total Award Amount
 6. Expenditures to Date on the FAU Project Account
 7. Percent of Award Spent
 8. Cost Share Obligation
 9. Cost Share Met and Documented to Date
 10. Percent of Cost Share Met
 11. Instructions on what to do if the percent of cost share met is substantially less than the percent of award spent

A copy of the Cost Share Status Report is attached (See Exhibit J).

- E. Cost Share Obligation: the amount of cost share that must ultimately be met and documented by the end of the project period. It is equal to the larger of:
1. The amount of the cost share required, as stated in the award document, either on the face page or in the approved budget, or
 2. The amount of the cost share included in the proposal budget, as either mandatory or voluntary committed cost share.

- F. Direct Cost: a cost that can be identified specifically with a particular sponsored project relatively easily and with a high degree of accuracy. Direct costs are essential to the accomplishment of the project's objectives. Examples of direct costs include salaries, fringe benefits, travel, supplies, equipment, tuition, and subcontracts.
- G. FAU Project Account: an account established to record the revenues, expenditures, and encumbrances of a project or program funded by an external sponsor. Sponsored funding comes to FAU typically in the form of a contract, grant, or cooperative agreement. FAU Project Accounts are also referred to as "grant accounts".
- H. Facilities and Administrative (F&A) Costs: costs that are incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular sponsored project. F&A costs, previously known as indirect costs or overhead, are those costs associated with maintaining the infrastructure of the University. F&A costs include the following items:
1. Facilities Costs
 - a. Operations and Maintenance Expenses
 - i. Facilities Planning and Management
 - ii. Environmental Health and Safety
 - iii. Janitorial and Utility Services
 - b. Library Expense
 - i. Books and library materials
 - ii. A portion of Library Operating Costs are allocated to instruction, research and other institutional activities
 - c. Depreciation and Use Allowances of Buildings and Equipment
 - d. Interest (Debt associated with certain Buildings and Capital Improvements)
 2. Administrative Costs
 - a. General Administration
 - i. President's Office
 - ii. University Budget Office
 - iii. Personnel Services
 - iv. Office of the General Counsel
 - v. Controller's Office
 - vi. Information Resource Management
 - b. Departmental Administration
 - i. Academic Deans' Offices (administrative functions only)
 - ii. Academic Department Administration

- c. Sponsored Programs Administration
 - i. Vice President for Research
 - ii. Sponsored Programs
 - iii. Research Accounting
 - iv. Technology Transfer

- d. Student Administration and Services
 - i. Dean of Students
 - ii. Admissions
 - iii. Registrars

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- I. Institutional Contribution Statement: An internal document used by Florida Atlantic University at the time of proposal. When a proposal includes mandatory or voluntary committed cost share contributed by FAU, this document is required to be included in the proposal package that is reviewed and approved by Sponsored Programs prior to the proposal being submitted to the sponsor. The FAU Account(s) funding the cost share and a line item detail budget is required, as well as the appropriate signatures (Department Chair, College Dean, and Provost/Campus VP). A copy of the Institutional Contribution Statement and Instructions for Completion are attached (See Exhibit E.) An electronic copy of this document can be accessed at www.fau.edu/dsr under “Electronic Forms”.
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- J. Letter of Commitment: a letter from a third party, signed by the authorized representative, endorsing and quantifying their contribution to the project at the time of proposal. This documentation is required to be included with a proposal submitted to Sponsored Programs when the project involves support from a third party other than FAU or the primary sponsor.

 - K. Leveraging / Other Support: other programs, which are related to the proposed activity, but which have separate scopes of work, separate performance periods, and separate budgets. Leveraging is not cost share, as cost share involves the sharing of costs on a single project, with one scope of work, one performance period, and one budget. Leveraging does not, nor is it meant to, qualify as cost share under OMB Circular A-110. Therefore, it is critical that “leveraging” or “other support” not be characterized as cost share in a proposal or financial report. Leveraged funds are not required to be documented and accounted for in the same manner as cost share. One federal sponsor, the National Science Foundation (NSF), refers to leveraging as “Current and Pending Support”.
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- L. Mandatory Cost Share: the amount required by the sponsor as a condition of the award, as stated in the solicitation, program announcement or RFP (Request For Proposal). Failure to include mandatory cost share in a proposal would make the application ineligible for an award.

- M. Matching Contribution: cost share required by statute generally as a specified percentage of the project costs in order to be eligible for the sponsor's funding. This requirement may be stated as a specified or minimum percentage of total allowable costs or a maximum sponsor percentage of participation of such costs. For example, "the applicant must provide an amount equal to the sponsor's funds – a 50% or 1:1 match". Or, "the applicant must provide 20% of total project costs; the sponsor will provide funds not to exceed 80% of the total project costs".
- N. Office of Management and Budget (OMB): the federal agency that establishes grants management policies and guidelines through circulars and common rules.
- O. OMB Circular A-21: "*Cost Principles for Educational Institutions*" provides guidelines on the allowability of costs for federal awards received by universities. Section J. of this document lists 50 cost items and states whether they are allowable or unallowable costs on federal awards. This document also includes the Cost Accounting Standards that are applicable to educational institutions. A complete copy of this document can be obtained at <http://www.whitehouse.gov/OMB/circulars/a021/a021.html>.
- P. OMB Circular A-110: "*Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*" sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations. A complete copy of this document is available at <http://www.whitehouse.gov/OMB/circulars/a110/a110.html>. Subpart C of this document discusses Post Award Requirements, such as the following:
1. Standards for Financial Management Systems
 2. Payment Methods
 3. Cost Sharing or Matching
 4. Program Income
 5. Revision of Budget and Program Plans
- Q. Pre Award Routing Sheet: An internal document that accompanies a proposal. Principal Investigators are required to complete the Pre Award Routing Sheet and submit it to Sponsored Programs along with the complete proposal. Section III of this document includes information concerning the proposal, including whether cost share is required by the sponsor and whether cost share is involved in the project. A copy of a Pre Award Routing Sheet and Instructions is attached. (See Exhibit D.) An electronic copy of this document is available at www.fau.edu/dsr under "Electronic Forms".

R. Program Income: gross income earned by FAU that is directly generated by a supported activity or earned as a result of an award. Examples of program income include the following:

1. Registration fees charged to participants for a workshop or conference sponsored by a grant.
2. Proceeds from the sale of software or publications, which were produced as a result of a contract or grant.
3. Fees earned for services performed under a grant, such as those resulting from laboratory testing.

S. Project Enhancement: a voluntary commitment of University resources to supplement externally sponsored projects. Project enhancement exists if all of the following criteria apply:

1. It is not quantified in the proposal budget, narrative or transmittal letter.
2. Support is described as resources available for the project at no direct cost to the sponsor.
3. It is not required as a condition to the acceptance of the award.

The following are examples of project enhancement that can be used in proposals:

“Dr. Smart is available for consultation on the project on an as needed basis.”

“Dr. Smart’s laboratory is equipped with a microscope, which is available for the project.”

Notice that the resources are not quantified because the projected amounts are incidental and/or insignificant. Once the amount is *quantified* in the proposal, it becomes cost share and a binding obligation to the University, as illustrated by the following example:

“Dr. Smart, a technical consultant, will contribute 25% effort to the project for six months”.

The above statement, included in a proposal, qualifies as cost share. If the funding is awarded, FAU is then required to document and report the cost shared effort.

Therefore, by not quantifying incidental and/or insignificant contributions to a project in a proposal, the PI can use project enhancements as a way to make a proposal more competitive without committing the University to a cost share obligation. One Federal sponsor, NSF, refers to project enhancement as “Facilities, Equipment and Other Resources”.

- T. Third Party In-Kind Contribution: a contribution to a sponsored project provided by a party other than FAU or the primary sponsoring agency. Third party in-kind contributions include equipment, supplies, and services directly benefiting and specifically designated for the project. OMB Circular A-110, Subpart C, Section 23 defines how third party in-kind contributions are to be valued. (See Exhibit A)
- U. Unrecovered F&A Costs: the difference between the F&A rate approved by FAU's Federal cognizant audit agency (US DHHS) and the F&A rate that the sponsor will allow. The difference, also known as the foregone indirect, may be used as cost share, only if explicitly approved by the sponsor.
- V. Voluntary Committed Cost Share: cost share proposed by the University in excess of the mandatory cost share requirements. These funds are not required by the sponsor but are included in the proposal budget by the PI. Once the funding is awarded, the voluntary committed cost share becomes a binding obligation and the University is required to meet and document these costs.
- W. Voluntary Uncommitted Cost Share: effort that is over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost share is not required nor included in the proposal budget. This effort is actually faculty-donated (not University donated) additional time above the amount agreed to as part of the award. The University is not required to document this effort per the "Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing". (See Exhibit C.) Voluntary uncommitted cost share is not included in the Organized Research Base for computing the F&A rate.