

## Module 3 Glossary

**Cost allocation:** these are the buckets in which expenses will fall. Each institution has a different name or label for them. A common term for cost allocations are “General Ledger Accounts” or GL Accounts. Within each budget, costs are divided up into categories like personnel, office supplies, consumables, etc. These can be broad or as specific as “Laundry Expenses”. Using cost allocation descriptions or codes helps you identify specific areas where the project may be above or below budget.

**Cost share:** in some cases, the cost of a particular project is split between the institution and the funding agency. This amount is agreed upon during the proposal development (if a grant) and is a contractual obligation at the time of the award. For example, the NIH will contribute \$75,000 to your project, but you/your institution must also contribute \$25,000 making the total project budget \$100,000. Cost share can be very tricky. Some sponsors do not allow it and others have a mandatory cost share request. If cost share comes up in the planning stages of your project, notify your budget/grant administrator.

**Effort:** every project requires someone working on it! This is what is referred to as “Effort” but it is very different than “salary”. Effort is often expressed in “person months”, which is how many months of a person’s time is spent working on the project. Many professionals work 12 months out of the year, but in academia, some faculty or research appointments are only 9 months. If someone is working 50% effort on a project, that could mean 6 months (if they are a 12 month appointment) or 4.5 months (if they are on a 9 month appointment). This is why effort is expressed in months rather than percent of time.

**ERA Commons ID:** eRA Commons is the operational website for NIH grants. Institutions and individuals working in a variety of roles on a grant application, grant review or award must have eRA Commons accounts in order to do business with NIH. eRA Commons accounts fall into three basic categories: administrative, scientific, and other.

**Escalation:** much like inflation, a person’s salary is expected to increase from year to year. Escalation is the calculation or percent increase of a person’s salary from year to year. Because a person’s fringe benefit cost is based on their salary, this increase also impacts their fringe cost. This is an important element to the budget process as repeated increases can add up over time.

**\*F&A:** this stands for Facilities & Administrative costs. Sometimes it is also referred to as “indirect” costs. For grant purposes, the institution or entity will charge the grant F&A to support the infrastructure in place that allows the research to happen. This is the cost of

keeping the lights on. The grant administrator will pay very close attention to this because this often covers their salary. The project team will never see F&A dollars, but it will be charged to the grant. F&A rates, like fringe rates, are calculated by the institution and are a percentage of additional costs. For example, if an institution has a fringe rate of 65% and the project buys \$1,000 piece of equipment, the grant will be charged \$1,650 for that single purchase.

**\*Fringe:** this is short for “fringe benefits” which will vary based on the institution/entity employing the individual and the nature of the individual’s work (salaried, hourly, etc.). Most times this is an additional cost calculated by a percentage of the individual’s pay. For example, a staff member may have a 30% fringe rate, meaning for every \$100 they make, an additional \$30 is charged to the account. This costs covers things like retirement, health insurance, or other benefits.

**Key performance indicators (KPIs):** the critical (or key) signs of progress or success toward an intended result. KPIs provide a focus for improvement, create an analytical basis for decision making and help focus attention on what matters most within a project or an organization.

**\*MTDC:** “Modified Total Direct Cost” is the figure used to drive the F&A cost calculation. The total F&A cost is the F&A rate multiplied by the MTDC. MTDC excludes certain costs that should not be considered into the facilities and administrative needs of the award, and therefore are excluded from the F&A cost. Examples of this vary (check with your sponsor and/or grants administrator). Most commonly MTDC excludes equipment, capital expenditures, charges for patient care, and tuition remission, rental costs, scholarships fellowships, participant support costs, as well as the portion of each subaward in excess of \$25,000.

**\*No cost extension:** if the project has left over funds after its end date, work can continue to spend those remaining funds as a no cost extension. The work, however, must continue to be related to the initial goals of the project. Adding additional scope using a no cost extension is not allowed. This must be cleared with the funding entity.

**Overhead:** overhead is a blanket term that includes anything that is not a direct expense, such as equipment, consumables, salary, etc. F&A and fringe benefits are the most common examples of overhead. Because it is such a broad term, if your grants administrator begins to speak of overhead costs, it is a good idea to ask for clarification as to what they are considering when creating the budget.

**Personnel costs:** all the costs involved with getting a person to work with (or for) your project is regarded as personnel costs. This would be their salary and fringe, but also their office supplies

and work stations. Personnel costs are a dollar amounts as well as the space required to house the staff if they are working in the lab or the office.

**Research lifecycle:** non-technical milestones or processes essential to managing a specific project

**Scope:** part of the project planning process that defines related activities, resources, timelines, and deliverables, as well as the project's boundaries

\*Terms are specific for grants and fellowships