

DEFINITIONS

Budget:	An estimate of the costs of conducting a proposed project. The budget should include direct costs, facilities and administrative (F&A) costs, and matching contributions.
Budget Narrative:	Sometimes referred to as the budget justification. The narrative serves two purposes: it explains how the costs were estimated and it justifies the need for the costs. The budget and the budget narrative should always be in agreement.
Direct Costs:	Expenses incurred for joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project. F&A costs are real costs that are incurred by the University in order to maintain sponsored activities. Since F&A costs cannot be specifically allocated to any particular sponsored project, they are assessed as a percentage of direct costs.
Facilities & Administrative Costs (F&A Costs):	Costs incurred for joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project. F&A costs are real costs that are incurred by the University in order to maintain sponsored activities. Since F&A costs cannot be specifically allocated to any particular sponsored project, they are assessed as a percentage of direct costs.
Cost Sharing:	A portion of the project cost is not borne by the sponsor. Cost sharing can be either cash outlay or in-kind support. Cost sharing may also be referred to as matching or cost participation. Cost sharing may be mandatory or voluntary.
Mandatory Cost Sharing:	Cost sharing required by the funding agency. Limits set by the funding agency for certain costs also produce mandatory cost sharing. If an agency refuses to pay more than ten percent F&A rate, the difference is mandatory cost sharing. This is documented in the University's official accounting records.

Voluntary Cost Sharing:

Cost sharing not required by the funding agency, but formally proposed to the agency. This is documented in the University's official accounting records.

In Kind Cost Sharing:

Resources expended on a project, but not formally proposed to the agency. This is not documented in the University's official accounting record.