

GLOSSARY OF TERMS

Terms and definitions are divided into three categories:

- *Types of funding*
- *Sources of funding*
- *Commonly used terms in externally funded projects*

Types of Funding Instruments (Extramural Research)

Grant agreement: a legal instrument of financial assistance between a sponsor and recipient, the principal purpose of which is to transfer anything of value from the sponsor to the recipient to carry out a public purpose and not to acquire property or services for the sponsor's direct benefit or use.

Cooperative agreement: a legal instrument of financial assistance similar to a grant agreement between a sponsor and recipient. It differs from a grant in that it provides for substantial involvement between the sponsor and recipient in carrying out the activity contemplated by the award.

Contract: a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of procurement commitments that obligate the sponsor to an expenditure of appropriated or committed funds. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications.

Sources of Funding

The sources of the external funding the University receives are of four main types:

Federal: Sponsored agreements funded directly by the United States federal government.

Federal Pass-Through: Sponsored agreements wherein the University is not the prime recipient of federal funds, but is acting in the capacity of a subrecipient (federal requirements/restrictions are passed through the prime recipient from the federal government to the University).

Private: Sponsored agreements funded by private corporations.

State: Sponsored agreements funded directly by the State of Mississippi.

Glossary of Terms & Common Abbreviations Used in Contracts/Grants Management

Account Establishment: Creating a **chartfield string** (PeopleSoft term for key data elements of the University's chart of accounts) to record the budget and track costs associated with a sponsored project. It includes a fund, department, program, and project/grant. The project/grant chartfield, beginning with "80", is the unique identifier for a sponsored project.

Allocable Cost: A cost that is assignable to a particular award in accordance with the benefit received by the award. Costs allocable to one award may not be charged to another award to overcome fund deficits, or to avoid restrictions imposed by the sponsor. If the cost benefits two or more awards, the cost should be charged to each award in proportion to the benefit received by each award.

Allowable Cost: Any cost that is necessary and reasonable for the performance of the award and that conforms to any limitations or exclusions set forth by regulation or the award agreement.

Award : Funds provided by an external sponsor to support a project.

BAA: [Broad Agency Announcement](#) — a competitive solicitation of proposals for basic and applied research.

Budget: A financial plan or estimate with expense categories and dollar amounts required to execute a project's objectives.

Budget Category: A budget section comprising a type of expenditures, e.g., salaries, travel, commodities, equipment.

Budget Period: An interval of time by which the project period is divided for budgetary purposes.

Carryover (carry forward): The remaining available budget balance that may be added to the next budget period. Carryovers are not always automatic or allowed by the sponsor.

CFDA: [Catalog of Federal Domestic Assistance](#) — a list of all available Federal funding programs . *CFDA Numbers*, from 10.001–98.012 (as of April 2018), are unique identifiers assigned to each program.

Consultant: Someone whose expertise is required to perform an aspect of the project's objectives.

Contributed Effort: The personnel time expended on a sponsored project that the sponsor does not compensate for; a form of cost sharing or matching.

Cost Accounting Standards (CAS): These standards require consistency in estimating, accumulating and reporting costs. The University must comply with the following standards:

- **CAS 501:** (1) Requires consistency in estimating, accumulating, and reporting costs, and (2) provides a basis for comparing such costs.
- **CAS 502:** Consistency in allocating: Requires the University to charge costs incurred for the same purpose in the same manner, either as direct costs or indirect costs.
- **CAS 505:** Accounting for unallowable costs: Requires educational institutions to identify costs specifically described as unallowable under the provisions of law, regulation or contract so that those costs are not included in costs charged to a federal award, including cost elements included in an F&A rate.
- **CAS 506:** Cost accounting period: An educational institution must use either its fiscal year or a fixed annual period approved by the government. USM uses its fiscal year, which is July 1 through June 30.

Cost Reimbursement: A cost reimbursable agreement (contract or grant) stipulates that the University is reimbursed for the actual cost incurred in fulfilling the agreement. Budgeted funds must be *spent within the budget or project period* for the University to receive payment.

Cost Sharing (or Matching): Portion of a sponsored project's cost that the sponsor requires the University to provide, typically met by academic release time, cash, facilities and administrative (indirect) cost differential, or a combination. Typically applies to grants, not contracts.

Cost Transfer: A direct charge expense transferred from one grant to another grant (one chartfield string to another) after the charge has been posted in a financial accounting record or system

Deficit (Cost Overrun): Costs incurred and charged to a sponsored project in excess of the awarded amount.

Direct Cost: Cost that can be specifically identified with a particular award with a high degree of accuracy. Typical costs charged directly to an award are the compensation of employees who work on that award plus their related fringe benefits, and materials and travel required for project activities.

Disbursement: Payment by the University for goods or services.

DS-2: Short reference for the "Disclosure Statement for Educational Institutions." Institutions receiving external funding in excess of \$50 million annually must submit, and have approved, a disclosure statement stipulating the institution's costing practices relative to Cost Accounting Standards.

Effort: The amount of time an employee spends on a sponsored project, usually expressed as a percentage of the employee's total work time.

Encumbrances/Obligations: The outstanding or unpaid dollar amount of items ordered, services rendered, contracts awarded, etc. The University encumbers or sets aside funds for sponsored projects salaries, estimated costs (greater than \$200) noted on a Permission to Travel Form, budgeted facilities and administrative (indirect) costs on sponsored projects, and most instances in which a Purchase Order is issued.

Equipment: Tangible, non-expendable items like furniture, instruments, or repairable machines with a useful life exceeding one year and an acquisition cost of at least \$5,000 (which meet or exceed the established thresholds defining equipment). Equipment is *not* a replacement component returning a piece of equipment to its original condition. If a component increases the capability of the original equipment and has an acquisition cost that meets or exceeds equipment cost thresholds, it is considered a capital item.

Expanded Authorities: Policy of some federal sponsors which delegates certain prior approval authorities to grantee institutions; allows for internal University approval of administrative and spending actions.

Facilities and Administrative (F&A) Costs: Also called indirect costs, overhead, or administrative costs, they are actual costs of conducting normal business activities, that cannot be readily identified with or directly charged to a specific project or activity. The University's normal activities include instruction, departmental research, organized research, public service and others. F&A costs are real, auditable costs incurred by the University each time it accepts an award for a sponsored project. If the University does not collect full reimbursement for these costs, other University resources must be used to subsidize them.

Facilities and Administrative (F&A) Cost Rates: The rates used to recover the F&A costs. Negotiated, approved rates are used for all agreements with the federal government and for most non-federal projects, as allowable.

FAR: [Federal Acquisition Regulation](#)

Fixed Price Contract: Pays the University a fixed sum that is not subject to adjustment on the basis of actual costs incurred; i.e., billings are not based on actual expenditures.

FOA: Funding opportunity announcement

General Purpose Equipment: Equipment not limited to research, scientific or other technical activities, e.g., office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment.

Governmental Donated Property: Property donated or transferred to the University by a municipality, county, state agency, or the federal government.

Government Furnished Equipment: Equipment provided to the University by the federal government or a government contractor; title may or may not remain with the government.

Grantee: Recipient of a grant

Indirect Costs: See *Facilities and Administrative Costs*.

In-Kind Contribution: A non-cash commitment (e.g., donated effort, supplies, or other direct cost item) to share the costs of a sponsored project. See also *Cost Sharing*.

Modified Total Direct Costs (MTDC): The portion of direct costs on which the facilities and administrative costs are based, specifically: salaries and wages, fringe benefits, materials and supplies, services, travel, and up to \$25,000 on each subgrant or subcontract.

Modified Total Direct Costs (MTDC) Base: The total Direct Costs less budget items excluded by agreement with the audit oversight agency: equipment, construction, alterations and renovations, hospital or clinic charges for patient care, space rental or lease, tuition and fee remission, scholarships, and the

amount of a subcontract exceeding \$25,000.

No-Cost Extension: Extends the period of performance to accomplish project goals without adding additional funding. Contact the Office of Research Administration regarding no-cost extensions.

Off-Campus Projects : Activities performed in facilities not owned by the University.

OMB: The White House [Office of Management and Budget](#); it establishes federal policy regulating grants and agreements.

PD: Project director

PI: Principal investigator

Post-Award: Activities beginning with funding the award and continuing until it is closed.

Pre-Award: Activities before a proposal is funded. Those the Office of Research Administration helps with include:

- Proposal development, coordination, and submission to sponsor
- Identify funding sources

After funding, the Office of Research Administration requests agency prior approval for:

- Certain budget amendments
- Program changes
- No-cost extensions
- Change in official PI

Pre-Award Costs: Costs incurred prior to the effective date of an award. Authorization to incur pre-award costs must be obtained from the Office of Research Administration.

Principal Investigator or Project Director: Employee with direct responsibility for carrying out a sponsored project, the final technical report, any required deliverables, and stewardship of the sponsored funds.

Program Income: Gross income earned by a grant recipient that is directly generated by a funded project or earned as a result of an award during the period of performance. Examples include income from fees for services performed, the sale of items created or fabricated under an award, and license fees and royalties on copyrighted materials.

Project: Services or activities the awardee will provide for a specified period of time.

Project Award: The approval and funding of a project as detailed in the award document. Specifies the amount of funding, project period, and any special requirements or restrictions.

Project Period: Period of total time for which support of a program has been approved, initially or by a renewal award. Project periods usually consist of one or more annual budget periods.

Rebudgeting: Process by which funds available for spending are reallocated between budget categories to allow best use of funds to accomplish project goals. Sometimes the sponsor's prior approval is required.

RFA: Request for applications

RFP: Request for proposals

Salary Verification (formerly *Time or Effort Certification*): The University process by which PIs and PDs review and verify that all salaries and wages charged to a sponsored project are reasonable and correctly charged.

Site Visit: A sponsor-initiated review of a proposed project; conducted at the University; can encompass a

fiscal or programmatic review or both.

Sole Source Acquisition: A procurement that does not involve full and open competition because only one source is available. Documentation justifying the use of single source acquisition is required.

Solicitation: An announcement from a sponsor that describes a funding opportunity and invites eligible entities to submit applications. See BAA, FOA, RFA, RFP.

Special Purpose Equipment: Equipment which can be used only for research, scientific or other technical activities.

Sponsor: An entity that funds a grant, contract, or cooperative agreement.

Sponsored Agreement/Award: A contract, grant, or other agreement where the use of funds is restricted by the sponsor and some action required by the University.

Stipend: Payment made to a participant (not a university employee) in a sponsored project, typically for participation only or to defray living expenses while engaged in instructional or research activities.

Subcontract/Subaward: An agreement issued under a prime contract, purchase order, grant, or other agreement, for the procurement of services or program-related tasks.

Supplies: Expendable items with a purchase price less than \$5,000 and will wear out, deteriorate, or be consumed in less than two years.

Time or Effort Certification: See *Salary Verification*.

Total Direct Costs (TDC): The total of all direct costs budgeted for a project.

Total Project Cost: The total of direct costs and indirect costs budgeted for a project.

Unallowable Cost: For purposes of *OMB Uniform Guidance*, an expense that cannot be included in the facilities and administrative cost rate proposal and cannot be charged as a direct cost to federal sponsored agreements.

Uniform Guidance: The OMB's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ([2 CFR 200](#)).

Unit Cost Contract: A particular type of *Fixed Price Contract* (see above) that pays the University based on services provided for a particular unit or units produced; not subject to adjustments based on the University's actual costs incurred.