

Cost Sharing, Cost Recovery, Salary Savings: How do they work together?

Definitions

Cost share? Full cost recovery? Salary Savings? What do these terms all mean?

Term	Definition
Cost Share	Any portion of the total costs of an extramurally-funded project or program not borne by the sponsor. Examples: in-kind resources (e.g., contributed project personnel effort) or cash.
Full Cost Recovery	The sponsor pays the full cost of the project. Full Cost Recovery = Direct + Indirect Costs.
Direct Costs	Costs directly associated with implementing the project Examples: supplies, specific equipment, salary and benefits for personnel, travel for conducting research, educational training, or disseminating results.
Indirect Costs (F&A, Overhead)	Institutional costs to support implementation of the project. Examples: A portion of the infrastructure and operational costs such as utilities - light and heat; telecommunications; hazardous waste disposal; plus the infrastructure necessary to comply with various federal, state, and local rules and regulations.
Salary Savings	When the salary and benefits of certain UC ANR academic personnel (who are not “soft-funded”) are included in the project budget and charged to the sponsor, then those “UC ANR salary” costs are considered Salary Savings and may be transferred to a Salary Savings Account . These funds can be used to cover expenses on other programmatic activities beyond the funded project.

Example

Term	Full Project Cost	Sponsor's portion	UC ANR Cost Share
Full Cost Recovery*	\$100,000	\$100,000	\$0
Cost Sharing	\$100,000	\$90,000	\$10,000 (perhaps PI salary)

Total cost to run a project	
Full cost recovery Sponsor pays full costs (Direct and Indirect)	
Direct Costs Costs associated directly with implementing the project Examples: Research and Extension supplies, Equipment, Salary and Benefits, Travel, Educational training, Dissemination, etc...	
Salary Savings	With full cost recovery, the salary and benefits of a UC ANR Personnel (who are not “soft” funded) are charged to the sponsor. For certain academic positions, these funds are considered Salary Savings and may be transferred to a Salary Savings Account to cover expenses of the academic on other programmatic activities beyond the funded project.
Cost Share	A portion of the total cost of an extramurally-funded project or program not borne by the sponsor. Examples: in-kind resources (e.g. contributed project personnel effort) or cash.
Indirect Costs Institutional costs needed to support implementation of the project Examples: A portion of infrastructure, utilities, telecommunications, hazardous waste disposal, and personnel necessary to comply with federal, state, and local rules and regulations.	