**Key Terminology**

**Buy Out** – This term is appropriate for use when the department is going to receive funding for a faculty member’s time that is not tied to specific expenses. For example, a 50% buyout provides the department with 50% of a faculty member’s salary. If someone is being hired to teach the faculty member’s course, the 50% buyout will be used to fund this expense. Any funds left over from the buyout (after replacement costs) remain in the departments general fund for other uses. Buy Out of a faculty member’s time creates Salary Savings.

**Salary Savings** – This term is generally used when discussing the funds that are associated with a sponsored program in support of a faculty member’s ***academic year*** effort. I.E., NSF may provide 10% of a faculty member’s salary to support their effort on a project. The 10% that remains in the department’s general fund after the salary is charged to NSF is the department’s “salary savings”. Salary savings could also be associated with TAP activities, or instances where a faculty member’s salary is charged to an account in another college or department or their time is “Bought Out”. Note, an AY faculty member’s ***summer*** salary is charged to a sponsored project, it does not generate salary savings.

**Replacement Costs** – When requesting replacement costs, the department will incur replacement costs associated with hiring personnel to perform the duties of the faculty member. For example, a department can request funds to hire personnel to fill classes for a vacancy. In those instances, the department is provided the exact cost of the personnel hired. In the context of PPI funding, this is the preferred method when Technology faculty are involved. This allows the full university investment (or Lilly award) in the transformation to be utilized towards the transformation.

**Release Time** – When a department head releases a faculty member from traditional faculty duties so that the faculty can commit substantial effort to an administrative and/or otherwise non-traditional faculty activity. Note, the commitment may or may not be associated with additional funding to buy-out the effort. For example, faculty member agrees to serve on a university level committee requiring signficant effort and the department head agrees to relieve them from teaching or other department responsibilities; faculty member serves on the Indiana Commission for Higher Education (15+ off campus meetings a year with associated work); unfunded curriculum support for the Polytechnic High School; unfunded effort on a sponsored project.

**Cost Sharing** – two types of cost sharing:

*Mandatory*- is that commitment to participate in the cost of the project required either by Statute or by Administrative regulation. The requirement for such cost participation will be explicitly set forth in project announcements or guideline issued by the sponsor, and will be a requirement for eligibility to participate in the project and will be specifically identified within the university’s proposal. Cost sharing committed by the University that is not required by Statute or administration regulation, becomes mandatory cost sharing.

*Voluntary*- is the University’s participation in the cost of a project when there was no commitment within the University’s proposal to share in the cost of the project or when the University’s actual participation in the cost of the project exceeds the cost sharing commitment made as a part of the University’s proposal.

**Sources of cost share:**

*Academic Year Salary* – all departments (except for a few unique cases) have 100% of their faculty member’s base salary in their recurring budget. Therefore, cost sharing an AY faculty member’s salary during the academic year does not “cost” a department anything. Cost share salary is moved from the department budget into a project specific account. The faculty member is then charged to that account so the net impact on the department operating account is $0.

*Supply/Expense & Graduate Students* – the department has to provide these funds in support of the project from their general fund operating account, gift or residual account.

*Summer Salary* – this is an additional cost to the department as departments rarely have recurring general funds to support summer salary for academic year faculty.