

CALCULATION OF FACILITIES AND ADMINISTRATION (F&A)

FUNDS WITH F&A BASES L AND M

This communication provides detailed steps to calculate the facilities and administration (F&A) expenditure when the base is either L or M.

Both bases L and M calculate F&A on gross transactions to the 3xxxxx revenue NCA, all of which fall under budget control NCA group 200000:

Base L: sales and service to external entities for a recharge that also provides the same sales and service to internal customers on an approved recharge methodology

Base M: fixed-price sponsored projects, mostly clinical trial contracts without a government flow through dimension

To calculate the F&A manually for either Base L or Base M, one would take gross revenue, divide it by the F&A rate on the proposal, and multiply the net by the F&A rate. Please refer to the following examples:

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|----|----------------------------|---------------------------------------|
| 1) | External Recharge Revenue: | \$ 1,500.00 |
| | F&A Base: | Base L |
| | F&A Rate: | 22.0% |
| | Direct Cost Equation: | $\$ 1,500.00 / 1.22 = \$ 1,229.51$ |
| | F&A Calculation @ 22.0%: | $\$ 1,229.51 \times 0.22 = \$ 270.49$ |
| 2) | Clinical Trial Payment: | \$ 100.00 |
| | F&A Base: | Base M |
| | F&A Rate: | 30.0% |
| | Direct Cost Equation: | $\$ 100.00 / 1.30 = \$ 76.92$ |
| | F&A Calculation @ 30.0%: | $\$ 76.92 \times 0.30 = \$ 23.08$ |

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PAGE 2 OF 2**

Because neither the PeopleSoft research administration system (RAS) nor the account-fund profile (AFP) can make sophisticated two-step calculations, each system creates a substitution for the two-step calculation, and uses this substitution as the rate.

Substituted F&A Calculation: \$ 1,500.00 x 0.18 = \$ 270.00

For example, for the first example above, the 22.0% rate is “translated” into an 18.0% substituted rate for purposes of F&A calculation:

1) $1 / 1.22 \times 0.22 = 0.180328$

External Recharge Revenue: \$ 1,500.00
F&A Base: Base L
F&A Rate: 22.0%

Variance Between Manual
and Substituted F&A Calculations: \$ 0.49 undercharge

The undercharge of \$ 0.49 should equal the \$ 1,500.00 times 0.000328, the variance between the substitution of 18.0% and the actual 18.0328% rate extended to the maximum number of decimal points.

2) $1 / 1.30 \times 0.30 = 0.230769$

External Recharge Revenue: \$ 100.00
F&A Base: Base M
F&A Rate: 30.0%
Substituted F&A Calculation: \$ 23.00

Variance Between Manual
and Substituted F&A Calculations: \$ 0.08 undercharge

Undercharge of \$ 0.08 should equal the \$ 100.00 times 0.000769, the variance between the substitution of 23.0% and the actual 23.0769% rate extended to the maximum number of decimal points.