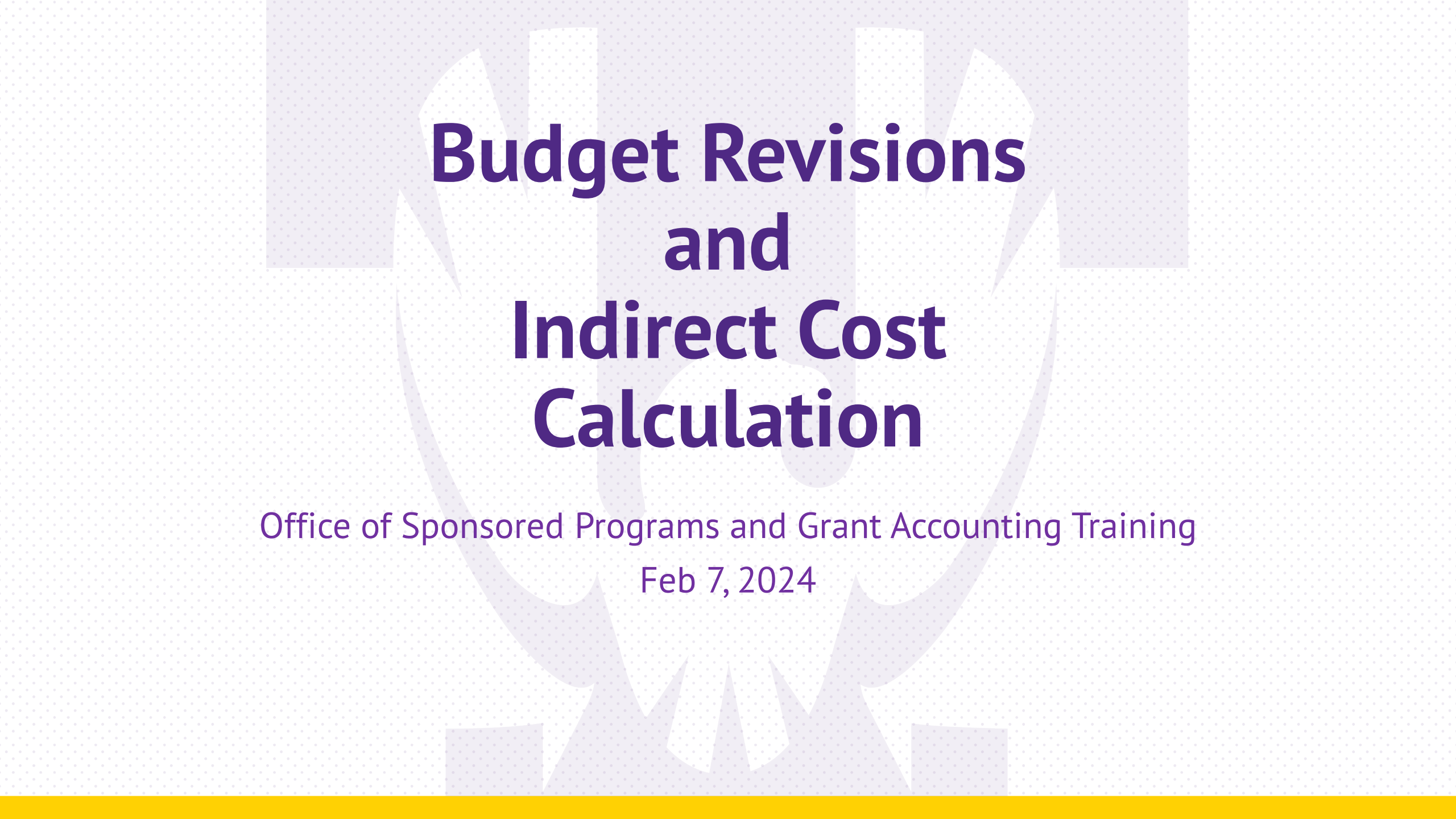




Tennessee
TECH



Budget Revisions and Indirect Cost Calculation

Office of Sponsored Programs and Grant Accounting Training

Feb 7, 2024

Goals

- Review of MTDC
- Understand excluded costs
- Moving funds from excluded cost line item
- Moving funds to excluded cost line item
- State Contract ... weirdness

Terminology

Many synonyms for indirect costs

- F&A (Facilities and Administration)
- IDC
- Indirects
- Overhead

MTDC – Modified Total Direct Costs

MTDC and Excluded Costs

Tennessee Tech's federally approved F&A is based on MTDC.

- $MTDC = \text{Total direct cost} - \text{excluded costs}$

F&A Rates – 42% on-campus, 11.5% off-campus

- $F\&A = MTDC * \text{applicable rate}$

Excluded costs:

- Capital Equipment
 - More than \$5,000 cost
 - More than 2 year lifespan
- Participant Support
 - All participant support, irrespective of category
 - Do NOT put things in participant support that do not belong
- Subaward amounts over \$25,000

Moving Funds FROM Excluded Cost

Excluded costs have not had F&A calculated on them.

When moving previously excluded costs to non-excluded category, we must include F&A.

- $\text{Excluded cost} / (1 + \text{F\&A rate}) = \text{new direct cost}$
- $\text{Excluded cost} - \text{new direct costs} = \text{F\&A increase}$

Example

Data collection tablets were budgeted as equipment instead of supplies. To correct, \$10,000 of equipment (excluded cost) must be moved to supplies.

Project uses on-campus, 42% F&A rate.

Formula:

- $\text{Excluded cost} / (1 + \text{F\&A rate}) = \text{new direct cost}$
- $\text{Excluded cost} - \text{new direct costs} = \text{F\&A}$

$\$10,000 / (1.42) = \$7,042$ new supply cost

$\$10,000 - \$7,042 = \$2,958$ F&A

- Double check ... $\$7,042 * 42\% = \$2,958$

Example 2

Workshop instructors are graduate students. PI accidentally put GRA tuition reimbursement in as participant cost (because the grad students are “participating” in the workshop). To correct, \$27,000 of participant costs must be moved to tuition reimbursement.

Workshops are held off-site. Project uses off-campus, 11.5% F&A rate.

Formula:

- $\text{Excluded cost} / (1 + \text{F\&A rate}) = \text{new direct cost}$
- $\text{Excluded cost} - \text{new direct costs} = \text{F\&A}$

$\$27,000 / (1.115) = \$24,215$ new tuition cost

$\$27,000 - \$24,215 = \$2,785$ F&A

- Double check ... $\$24,215 * 11.5\% = \$2,785$

FOAPAL Information								Payroll Pos. No.	Amount	Account Action (Increase "+" / Decrease "-")
COAS	Index	Fund	Organ	Account	Program	Activity	FOAPAL Description			
-	532431	228622	166013	74494	300		Participant Support		\$ 27,000.00	Transfer from - Decrease
-	532431	228622	166013	62730	300		GRA Tuition Reimbursement		\$ 24,215.00	Transfer to - Increase
-	532431	228622	166013	79800	300		Indirect Costs		\$ 2,785.00	Transfer to - Increase
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								<i>Total</i>	\$ 27,000.00	<i>Transfer From (Decrease)</i>
								<i>Total</i>	\$ 27,000.00	<i>Transfer To (Increase)</i>
Explain in detail the changes in your work program which justify this revision:								<i>Document Hash Total</i>	\$ 54,000.00	
GRA Tuition input as participant cost in error, as grad students are also participating in the workshops.								Indicate the requested type of budget revision:		
								BD02 = Permanent Budget Adjustment	BD04	
								BD04 = Temporary Budget Adjustment		Grant Accounting Signature

Moving Funds TO Excluded Cost

Non-excluded direct costs have had F&A charged for them.

When moving non-excluded costs to excluded category, we must reduce the F&A associated with those direct costs.

- New, excluded cost / (1 + F&A rate) = old direct cost
- New, excluded cost – old direct costs = F&A reduction

Example

The PI discovers it will be cheaper to buy equipment and run tests than to send samples to an outside lab. \$15,000 equipment is being purchased with funds that were for service contract.

Project uses on-campus, 42% F&A rate.

Formula:

- $\text{New, excluded cost} / (1 + \text{F\&A rate}) = \text{old direct cost}$
- $\text{New, excluded cost} - \text{old direct costs} = \text{F\&A reduction}$

$\$15,000 / (1.42) = \$10,563$ removed from service contract

$\$15,000 - \$10,563 = \$4,437$ removed from F&A

- Double check ... $\$10,563 * 42\% = \$4,437$

FOAPAL Information								Payroll Pos. No.	Amount	Account Action (Increase "+" / Decrease "-")	
COAS	Index	Fund	Organ	Account	Program	Activity	FOAPAL Description				
T	532443	228647	118013	74495	250		DOC EDA TCRI UC - Grant Subcontract		\$ 10,563.00	Transfer from - Decrease	
T	532443	228647	118013	79800	250		DOC EDA TCRI UC - Indirect Cost Ex.		\$ 4,437.00	Transfer from - Decrease	
T	532443	228647	118013	78000	250		DOC EDA TCRI UC - Equipment		\$ 15,000.00	Transfer to - Increase	
								<i>Total</i>	\$ 15,000.00	<i>Transfer From (Decrease)</i>	
								<i>Total</i>	\$ 15,000.00	<i>Transfer To (Increase)</i>	
Explain in detail the changes in your work program which justify this revision:								<i>Document Hash Total</i>	\$ 30,000.00		
This budget revision is necessary to move funds from the subtract and indirect cost lines to equipment. This revision has been approved by the sponsor.								Indicate the requested type of budget revision: BD02 = Permanent Budget Adjustment BD04 = Temporary Budget Adjustment BD04			
								Grant Accounting Signature			

Example 2

PI intended to pay for participant travel to ORNL for workshop. Instead of the participant support line item, he put it under Travel. \$5,000 of travel must be moved to participant support.

Course and lab are off-site at ORNL. Project uses off-campus, 11.5% F&A rate.

Formula:

- $\text{New, excluded cost} / (1 + \text{F\&A rate}) = \text{old direct cost}$
- $\text{New, excluded cost} - \text{old direct costs} = \text{F\&A reduction}$

$\$5,575 \text{ participant travel} / (1.115) = \$5,000 \text{ old "travel" cost}$

$\$5,575 - \$5,000 = \$575 \text{ F\&A}$

- Double check ... $\$5,000 * 11.5\% = \575

FOAPAL Information								Payroll Pos. No.	Amount	Account Action (Increase "+" / Decrease "-")	
COAS	Index	Fund	Organ	Account	Program	Activity	FOAPAL Description				
T	532443	228647	118013	73000	250		DOC EDA TCRI UC - Travel		\$ 5,000.00	Transfer from - Decrease	
T	532443	228647	118013	79800	250		DOC EDA TCRI UC - Indirect Cost Ex.		\$ 575.00	Transfer from - Decrease	
T	532443	228647	118013	74494	250		DOC EDA TCRI UC - Equipment		\$ 5,575.00	Transfer to - Increase	
								<i>Total</i>	\$ 5,575.00	<i>Transfer From (Decrease)</i>	
								<i>Total</i>	\$ 5,575.00	<i>Transfer To (Increase)</i>	
Explain in detail the changes in your work program which justify this revision:								<i>Document Hash Total</i>	\$ 11,150.00		
This budget revision is necessary to move funds from the travel and indirect cost lines to participate support. This revision has been approved by the sponsor.								Indicate the requested type of budget revision: BD02 = Permanent Budget Adjustment BD04 = Temporary Budget Adjustment BD04			
								Grant Accounting Signature			

State of Tennessee Contracts

WARNING! State of TN rates can be weird and confusing.

Tennessee Tech has a 15% TDC indirect cost rate for the State of Tennessee.

- No excluded costs in TDC = no F&A impact on budget revisions.

However, federal pass-through funds received from the state use 15% MTDC.

- Federal pass-through funds must consider excluded costs and impact on F&A.

Hybrid contracts with combined state and federal funding have 2 indexes. Each index follows the rules for its own funding source.

- State funding follows state TDC rules.
- Federal pass-through funding follows federal MTDC rules.

Time and Effort Reports

- August to December 2023 Time and Effort Reports were sent to bookkeepers on January 8, 2024. The Time and Effort Reports were due back by January 22, 2024.
- Reallocations processed **prior** to the Time and Effort run date will be reflected on that period's Time and Effort reports.
- Reallocations processed **after** the Time and Effort report run date will **not** be reflected on the original Time and Effort report for that period. Therefore, Grant Accounting will run the Time and Effort reports monthly for reallocations processed **after** the original Time and Effort report run date. These will then be sent to the bookkeeper for signature routing.
- It is most important that all accounts are reconciled monthly to identify any needed reallocations for processing as soon as possible and most definitely by the Time and Effort report run date for each period.
- Grant Accounting will adjust the Time and Effort report run dates to allow for account reconciliation and identification of needed labor reallocations.

Time and Effort Reports (continued)

Report Period	Report Run Date	Reallocations Due to Grant Accounting
August to December	March 10	February 23
January to May	August 10	July 23
June to July	October 10	September 23



Questions and Discussion