Overview:

If your budget incurs under-recovery, you must update the Budget Settings and identify the sources of funding that will support the expense and distribute it to those sources. Under-recovery (unrecovered F&A) is generated by indirect costs that are not paid by the sponsor. Some ways this can happen are:

- The sponsor will not pay the Institute's full F&A expenses.
- The sponsor uses a different indirect cost base, such as Total Direct Cost (TDC).
- The sponsor uses a different rate than the current Institute rates, such as a fixed-for-the-life award.

Procedure:

1. While in the Budget, click the Budget Settings link at the top of the page.

The Budget Settings window will open.
**F&A Rate Type** represents the Institute’s normal rate type – for Research activities, this is **MTDC**. For Non-Research activities, this is **Fund with Transaction Fee (FUNSN)**. **Select** appropriate F&A Rate Type using the drop-down menu.

**Unrecovered F&A Rate Type** represents the Sponsor’s normal rate type. This may be **TDC** (total direct cost base), **MTDC** or **Fund with Transaction Fee (FUNSN)**. **Select** appropriate Unrecovered F&A Rate Type using the drop-down menu.

### 2. After clicking **Apply Changes** button, you will receive a **Please Select** window with a message that states

_‘Changing F&A Rate Type or Unrecovered F&A Rate Type will result in recalculation of budget. You may need to distribute underrecovery. Do you want to change the F&A/Unrecovered F&A Rate Type?’*_

Click the **Yes** button to proceed with the changes (click **No** to disregard the changes made).

![Please Select window](image)

### Distributing Under-recovery

While in the Budget, click the **Institutional Commitments -> Unrecovered F&A** on the **Navigation** panel. The **Unrecovered F&A** screen will open with default settings for each Project Period (Fiscal Years, On/Off Campus, etc.).

![Unrecovered F&A screen](image)

#### 1. Click the **View Summary** button, to see the Unrecovered F&A amounts that must be distributed per project period. Click the **Close** button or **X** to close out of this window.
2. In the Unrecovered F&A screen, for each Fiscal Year/Project Period:
   a. Click on the rate in the Applicable Rate column to enter the applicable F&A rate. The field will become editable upon clicking on it. (This rate will default from the rates entered in the Rates panel. Skip this step if the correct rate appears in the field.)

   ![Figure 3 – Editing Applicable Rate](image)

   b. Click in the field in the Source Account column to enter the Account Number for Underrecovery. The field will become editable upon clicking on it.

   Note: If the Account is yet to be determined, enter one of the applicable placeholder source accounts:
   - 0000001 – Institute
   - 0000002 – Provost
   - 0000003 – School
   - 0000004 – DLC
   - 0000005 – Tuition Subsidy
   - 0000006 – UROP
   - 0000007 - Unknown

   ![Figure 4 – Editing Source Account](image)
c. Click on the field in the **Amount** column to enter the amount being distributed to the Source Account for the selected Fiscal Year/Budget Period. The field will become editable upon clicking on it.

![Figure 5 – Editing Amount](image)

**Note:** If the entire project is taking place On Campus, then the Off Campus lines can be deleted from the screen by clicking the \( \checkmark \) in the **Actions** column for those lines (and vice versa).

3. Repeat these steps to distribute all the Unrecovered F&A.

**Note:** The **Total Unallocated** field should be **0.00** once all the Underrecovery is distributed.

![Figure 6 – Total Unallocated](image)

**Related Documentation:**

Federally sponsored, non-research programs [De Minimis Rate Application](#)

**Getting Help**

For questions regarding Kuali Coeus Quick Reference Cards, email the Support Team at ra-help@mit.edu.