Overview:

If your budget incurs Underrecovery, you must identify the sources of funding that will support the expense and distribute it to those sources. Underrecovery (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:

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 Subpanel]

Figure 1 – Unrecovered F&A Subpanel

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.

![Unrecovered F&A By Period Window]

Figure 22 – Unrecovered F&A By Period Window
2. In the **Unrecovered F&A** screen, for each Fiscal Year/Project Period:
   a. 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
   - 0000007 - Unknown

   ![Figure 3 – Editing Source Account](image)

   b. 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 4 – 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 icon 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.
To add comments regarding the distribution, do so in the Budget Settings window. A description of the Sponsor’s cap on indirect costs should also be entered in the Comments field (for example: “sponsor limits indirect costs to 10% of TDC.”)

Related Documentation:

- F&A and Unrecovered F&A Rate Types Budget Settings
- Research Underrecovery at Proposal Phase
For questions regarding Kuali Coeus Proposal Review & Approval Quick Reference Cards, email the Support Team at kc-help@mit.edu.