Subawards/Subcontracts and Facilities and Administrative Costs (F&A)

Outgoing Subaward and Subcontract Initiation and Management

In this module, we provide guidance on the application of F&A when a proposal contains outgoing subawards or subcontracts. For a more comprehensive overview of F&A in general, you may wish to review Module 3B Facilities and Administration Costs, within the Proposal Preparation and Submission on-line course. The link is provided in the Resources tab.
By the conclusion of this module you will:

- Understand the application of the F&A rate to subawards/subcontracts for federally-sponsored and non-federally sponsored awards
  - Subrecipient/Subcontractor’s application of F&A
  - UCLA’s application of F&A
- Be introduced to a simple tool to aid in computing UCLA’s F&A
F&A is assessed on the first $25,000 of each subaward/subcontract for a project period. When the renewal comes around, the F&A is assessed again, on the first $25,000 of each subaward. However, it is not assessed beyond the first $25,000 on continuation proposals.

UCLA assesses NO F&A on subawards going to sister UC campuses because all of the UC campuses are considered one entity, “The Regents of the University of California”. This doesn’t mean the other campuses cannot ask for F&A on their proposals, but UCLA doesn't assess F&A on any subaward going to another UC campus regardless of the amount.
There are certain basic considerations for subrecipients. The rate that applies to the prime grant should flow down to the subrecipient/subcontractors. The next two slides illustrate how the F&A rate flows down to subrecipients/subcontractors.
Here we illustrate how the subrecipient should use its federally-negotiated rate when the prime sponsor is federal. In this example, USC, a proposed subrecipient, prepares a proposal budget utilizing its federally negotiated F&A rate of 63% MTDC. USC submits its proposal to UCLA to incorporate into its proposal. UCLA’s proposal budget utilizes UCLA’s federally negotiated F&A rate of 54% MTDC. Note that the F&A rate in the USC’s budget differ from UCLA’s. Under this scenario, that is perfectly acceptable.
Waelder Foundation

UCLA submits its proposal to...

UCLA

Prepares a proposal budget utilizing the 10% Total Direct Costs F&A rate established by the Waelder Foundation. The USC sub is listed in the budget as a line item.

USC submits its proposal to...

USC – (Subrecipient to UCLA)

Prepares a proposal budget utilizing the 10% Total Direct Costs F&A rate established by the Waelder Foundation

Waelder Foundation establishes F&A at 10% Total Direct Costs

Here we illustrate how the subrecipient should use the F&A rate when the program guidelines specify a specific, fixed rate. In this example, UCLA is submitting a proposal to the Waelder Foundation whose program guidelines limit F&A recovery to 10% of total direct costs. USC, the proposed subrecipient, prepares a proposal budget utilizing the Waelder Foundation’s 10% Total Direct Cost rate and submits it to UCLA to incorporate into its proposal. UCLA’s proposal budget also utilizes the American Waelder Foundation’s 10% Total Direct Cost F&A rate in its budget. In this scenario, both UCLA and USC use the same F&A rate.
The F&A calculator is a tool to help calculate the MTDC base, total F&A, and total costs for a proposal that contains outgoing subawards or subcontracts. It is an excel spreadsheet (without formulas) that walks you through the computation of UCLA’s F&A on outgoing subawards (and other items exempt from F&A). It can be used for proposals subject to the federally negotiated F&A rate, or for proposals going to not-for-profit sponsors that have different F&A rates and bases. The following mini-module goes into detail on how to use the calculator. The excel spreadsheet that contains the example presented in the mini-module as well as a blank form, is available in the resources tab.
The F&A Calculator

The F&A calculator is useful to help calculate what the F&A costs are for a proposal. It can be utilized for sponsors that allow full recovery of UCLA’s federally negotiated F&A rate, and for those that do not.

This mini-module will show you the steps to obtain the F&A for a budget utilizing UCLA’s federally negotiated rate of 54% MTDC. In this example, we have subawards going to USC and to UC Santa Barbara.

The F&A calculator does not have formulas that will compute the F&A and total costs for you. However, it is designed to walk you through the computing of F&A; it is beneficial to be familiar with the mathematics involved.
Once you have the subrecipient's budget, you can enter their totals in UCLA's budget. For example, in USC's budget pictured here, we see that the total USC is requesting is $35,915 for year 1 and $31,997 for year 2. That includes USC's direct and F&A costs.
UCSB's Budget

Once you have the budget from the UC sister campus, you can enter their totals in UCLA's budget. For example, in UCSB's budget pictured here, we see that the total UCSB is requesting is $32,307 for year 1 and $34,424 for year 2. That includes UCSB's direct and F&A costs.
UCLA's Budget

Include all the direct cost items that will be part of UCLA's budget, including the subaward totals. For example, USC's subaward totals for years 1 and 2, as shown here, were entered as single line items in UCLA's budget. We did the same for the UC Santa Barbara subaward. The F&A amounts we will now obtain from completing the F&A Calculator.
Plug in the UCLA budget figures in the F&A calculator spreadsheet.

Note that for year 1, we are entering the BALANCE of USC’s subaward after $25,000 because the first $25,000 is subject to F&A. We are entering ALL of the UC Santa Barbara subaward amounts because we do not assess our F&A on any subaward to another UC campus.

After entering the items that are not subject to F&A, we see that the MTDC amount for year 1 is: $98,904; the MTDC amount for year 2 is: $43,039
Obtain F&A amount

Multiply the MTDC amount by the F&A rate to obtain the total F&A. Here we have multiplied $98,904 by 54% for an F&A amount of $53,408 in year 1; and multiplied $79,701 by 54% for an F&A amount of $43,039 in year 2.
Obtain Total Budget Costs

Now we add the F&A amount to the Total Direct Costs, and we have the Total Costs of our budget. That would be the F&A amount of $53,408 added to the Total Direct Costs of $142,126 for a Total of $195,534 for year 1; for year 2 we add the F&A amount of $43,039 to the Total Direct Costs of $144,162 for a Total of $187,201.
Final Budget

Here is what UCLA's budget looks like with all calculations completed.
Summary

In the resources tab is the excel spreadsheet that contains a blank calculator as well as a completed calculator that contains the figures AND explanations for the example demonstrated in this mini-module.
Because S2S automatically assesses F&A on first 25,000 for each sub, it is necessary to overwrite this field with a “0” for any UC subs. S2S Grants is programmed to calculate the F&A on outgoing subawards/subcontracts for us. The ONLY exception, however, is that any subaward going to another UC campus requires that you manually change the “allocated to IDC base” field to “0”, as indicated in this slide. Changing this field to zero means no F&A will be applied to the UC subaward.
In Summary

• The calculation of UCLA’s F&A on proposals that contain outgoing subawards or subcontracts can be confusing. Use of the calculator can make the calculation easier.
• When in doubt about the application of F&A, or the F&A rate a subrecipient/subcontractor is citing in their proposal, confer with your OCGA Officer or Analyst for assistance.

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ORA acknowledges and thanks the “voice” of the Subaward and Subcontract modules

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