

## 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.



Figure 1 – Budget Settings link.

The **Budget Settings** window will open.

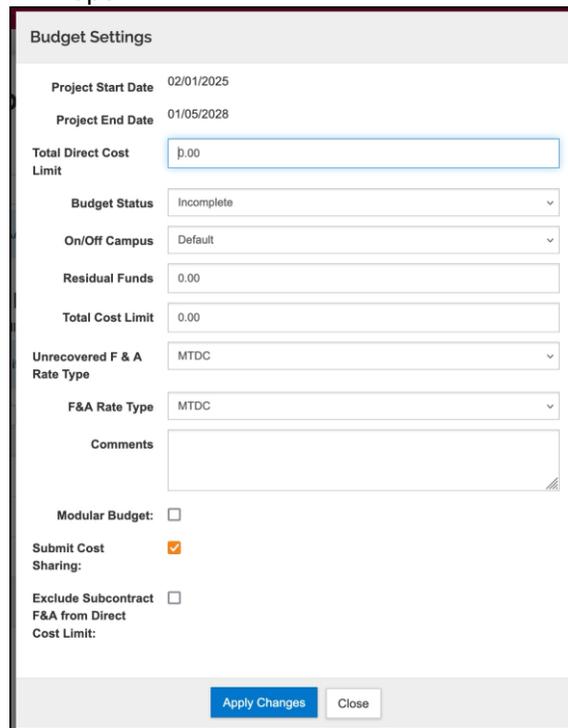


Figure 2 – Budget Settings window.

**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 description using the drop-down menu.

**Unrecovered 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 description using the drop-down menu.

- 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 Under-recovery. 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).

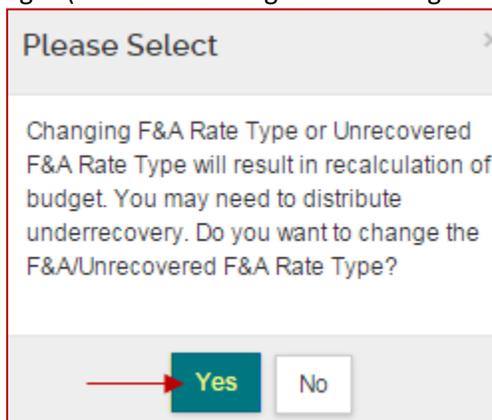


Figure 3 – Please Select window to confirm changes.

- Now click on **Rates** on the left hand navigation panel. Use the Applicable Rate column to adjust rates for **TDC**, **MTDC** or **Fund with Transaction Fee** if Sponsor rate is different from [MIT rates](#).

Description	On Campus	Fiscal Year	Start Date	Institute Rate	Applicable Rate *
<b>Fund with Transaction Fee (FUNSN)</b>					
Salaries	No	2025	07/01/2024	6.50	6.50
Materials and Services	No	2011	07/01/2010	10.00	10.00
Materials and Services	Yes	2011	07/01/2010	10.00	10.00
Salaries	Yes	2025	07/01/2024	59.00	59.00
<b>MTDC</b>					
MTDC	Yes	2025	07/01/2024	59.00	59.00

Figure 4 – Rates screen showing Applicable Rate column.

## 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 Fiscal Year during the Project (Fiscal Years, On/Off Campus, etc.).

	Fiscal Year	Applicable Rate	On Campus	Source Account	Amount	Actions
1	2025	59.00	Yes		0.00	[trash icon]
2	2025	6.50	No		0.00	[trash icon]
3	2026	59.00	Yes		0.00	[trash icon]
4	2026	6.50	No		0.00	[trash icon]
5	2027	59.00	Yes		0.00	[trash icon]
6	2027	6.50	No		0.00	[trash icon]
					Total Allocated: 0.00	
					Total Unallocated: 9,389.00	

Figure 5 – Unrecovered F&A screen.

1. Click the **View Summary** button, to see the Unrecovered F&A amounts that must be distributed. Click the **Close** button or to close out of this window.

Period	Amount
Period:1:02/01/2025 - 01/31/2026	4,300.00
Period:2:02/01/2026 - 01/31/2027	4,300.00
Period:3:02/01/2027 - 01/05/2028	789.00

Figure 6 – Unrecovered F&A by Period summary.

2. In the **Unrecovered F&A** screen, for each Fiscal Year:
  - 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.)

	Fiscal Year	Applicable Rate	On Campus	Source Account	Amount	Actions
1	2025	59.00	Yes		0.00	[trash icon]
2	2025	6.50	No		0.00	[trash icon]

Figure 7 – Editing Applicable Rate.

- b. Click in the field in the **Source Account** column to enter the **DLCI UR Allocation Account** for all DLCI(s) funding under-recovery. The field will become editable upon clicking on it.
- 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.

**Unrecovered F&A** View Summary

Assign and distribute unallocated expenses to stakeholders, institutions, or other individuals.

+ Add Unrecovered F&A

	Fiscal Year	Applicable Rate	On Campus	Source Account	Amount	Actions
1	2025	59.00	Yes	<input type="text"/>	4,300.00	
2	2026	59.00	Yes	<input type="text"/>	4,300.00	
3	2027	59.00	Yes	<input type="text"/>	789.00	
					Total Allocated: 9,389.00	
					Total Unallocated: 0.00	

*Note: A yellow callout box labeled "DLCI under-recovery Account" with arrows points to the Source Account fields in the three rows above.*

Figure 8 – Editing Source Account.

**Note:** If the entire project is taking place On Campus, then the Off Campus lines can be deleted from the screen by clicking the 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 Under-recovery is distributed.

+ Add Unrecovered F&A

	Fiscal Year	Applicable Rate	On Campus	Source Account	Amount	Actions
1	2025	59.00	Yes	<input type="text"/>	4,500.00	
2	2026	59.00	Yes	<input type="text"/>	4,500.00	
3	2027	59.00	Yes	<input type="text"/>	389.00	
					Total Allocated: 9,389.00	
					Total Unallocated: 0.00	

Figure 9 – Total Unallocated.

## Related Documentation

[VPR-RAS Rates Webpage](#)

## Getting Help

For questions regarding Kualii Coeus Quick Reference Cards, email the Support Team at [ra-help@mit.edu](mailto:ra-help@mit.edu).