

Rebudgeting and Indirect Cost Adjustments

Every sponsored project at the University of Minnesota has its own specific terms and conditions. If rebudgeting must occur, two specific terms and conditions must be considered: the Facilities and Administrative (F&A) rate and the budget categories of expenses that are exempt from F&A recovery.

Rebudgeting between exempt and non-exempt budget categories (Account Chartfields) requires an F&A cost adjustment. Examples of common exempt budget categories are equipment, graduate student fringe, and subawards.

Sponsors may have limits on how much funding can be shifted among budget categories or which categories can be rebudgeted. A sponsor may not even allow rebudgeting. Thus, all appropriate approvals must be obtained before rebudgeting can be done in the financial system. Certified Approvers must review/approve all rebudgeting requests. In addition, some situations may require the sponsor's or a SPA grant administrator's approvals.



Required Steps for Sponsored Projects Rebudgeting

Step 1 Ensure the rebudgeting is allowable according to the sponsor's guidelines. If required, obtain sponsor approval.

Step 2 Find the F&A Base rate and F&A rate.

- ✦ **Home>Grants>Awards>Project Activity**
- ✦ Enter "UMSPR" in the *Business Unit* field and the *Project ID* on the **Find an Existing Value** page. Click <Search>.
- ✦ Click on the **FA Rates** tab.
- ✦ The *FA Base* field will reveal the project's F&A Base (i.e. MTDC).
- ✦ The *FA Rate %* will reveal the actual F&A rate (i.e. 51%).

Step 3 Determine what type of Account Chartfield values will be impacted: exempt or non-exempt.

- ✦ **Home>Tree Manager>Tree Viewer**
- ✦ On the **Search** page, enter "GM_FA_BASE" in the *Tree Name* field.
- ✦ From the list of options, locate the "FA Base title" found in the previous step (i.e. MTDC) and click its <  > icon.
- ✦ The list of non-exempt budget categories will appear. Click the <  > icon of the category to be impacted by the rebudgeting. Any categories NOT appearing indicates that the category is exempt from F&A.

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- The list of non-exempt Account Chartfields values will appear. Any values NOT appearing indicates that the Account Chartfield value is exempt from F&A.

Step 4 Determine whether an F&A adjustment must be calculated.

NOTE: when rebudgeting between exempt and non-exempt Account Chartfield values, an F&A adjustment must be calculated.

MOVING BUDGET DOLLARS FROM	MOVING BUDGET DOLLARS TO	F&A CALCULATION NEEDED?	HOW IS F&A ADJUSTED?
Exempt	Non-exempt	Yes	Increased
Non-exempt	Exempt	Yes	Decreased
Exempt	Exempt	No	—
Non-exempt	Non-exempt	No	—

Step 5 Use the standard formula for F&A rebudgeting calculations.

STANDARD FORMULA			
X	+	$(Rate) X$	= Y
Non-exempt amount		F&A Adjustment	Exempt Amount
where,			
Rate = F&A Rate of Project			

Step 6 The departmental preparer creates the online rebudgeting request to reflect the changes in the budget categories as calculated. This request will route to the Certified Approver.

Step 7 The Certified Approver will review and approve/deny the online rebudgeting request.

Step 8 Depending on the type of rebudgeting, the data entry will be performed by the Certified Approver or the SPA grant administrator.

- All net rebudgeting (transferring dollars within existing Account Chartfields, including cost share, within the same project) will be entered into the financial system by the Certified Approver.
- All rebudgeting that involves the creation of a new Account Chartfield, including cost share, OR moving dollars from one sponsored project to another, must be entered into the financial system by the SPA grant administrator.