

Demystifying DAICR

Stefanie Furman, Assistant Director – Cost Accounting
Accounting & Business Support
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University of Colorado **Boulder**

Objectives



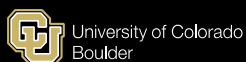
- What is DAICR?
- How is DAICR Calculated?
- Potential Uses of DAICR Funds



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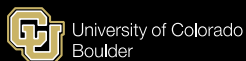
What is DAICR?

- Departmental Administration Indirect Cost Recovery
- Campus returns the portion of F&A Revenue related to Department Administration to the research departments/units.



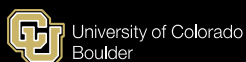
F&A Rate

- Negotiated every 3-4 years
- Calculates indirect costs as a % of direct costs
- Automatically booked in PeopleSoft



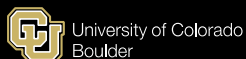
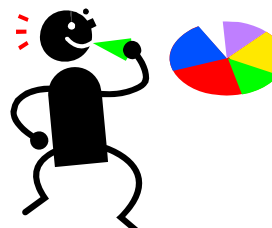
Calculating DAICR – 3 Steps

1. Calculate each unit's percentage contribution to total campus ICR.
2. Calculate total campus ICR to be returned to units.
3. Calculate each unit's continuing budget adjustment related to DAICR.



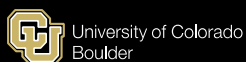
Department Contribution %

- Calculate ICR earned by each unit during the “DAICR Fiscal Year”
 - Runs April 1 through March 31
- Adjust for Split Agreements
- Divide by total campus ICR earned during DAICR Fiscal Year to get each unit's allocation basis



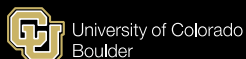
Example

- For the 12 months ending 3/31, my Department brought in \$250,000.
- Total campus ICR for the period was \$70 million.
- $\$250k/\$70m = 0.36\%$
 - This is my department's contribution percentage (or allocation basis)



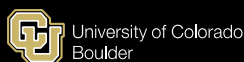
Amount to be returned

- Calculate total campus ICR earned during State Fiscal Year
 - July 1 through June 30
- Deductions
 - For FY12, there was 50% of debt service on specific research buildings. This was the last year.
- Multiply by 29% to get total amount to be returned to all units.
 - Represents the DA portion of F&A



Example

- For the Fiscal Year Ending June 30, total campus ICR was \$72 million.
- Debt service on research buildings was \$3m.
 - $\$72\text{m} - \$1.5\text{m} = \$70.5\text{ million}$
 - $29\% \text{ of } \$70.5\text{m} = \20.44 million
 - This is the total amount that will be returned to the research units
 - This represents the amount of ICR that is related to Departmental Administration



Budget Adjustment



- Multiply each unit's contribution percentage by the total amount to be returned
- This is the unit's DAICR continuing budget for the current fiscal year
- Subtract prior fiscal year's continuing budget to arrive at amount booked as a continuing budget adjustment
 - Prior year budget has already rolled forward at this point

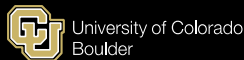


Example

- Department's Current Year DAICR budget:
 - \$20.44million x 0.36% = \$73,584

- Department's PY DAICR budget = \$70,000
 - Due to timing, this budget has already rolled into current Fiscal Year

- Current Year Budget Adjustment = \$3,584



University of Colorado at Boulder
 Accounting & Business Support
 Administrative and Research Center – East Campus
 3100 Marine Street
 979 UCB
 Boulder, Colorado 80309-0579
 (303) 492-2109, Fax (303) 492-2559

MEMORANDUM

To: Department Chair / Finance Manager, EXAMPLE DEPARTMENT
 Campus Box 999 UCB

From: Laura Ragin, Director of Accounting and Business Support

Date: August 3, 2011

Subject: DA-F&A Allocation for FY 2011-12

A part of your general fund budget is derived from a calculated allocation of the departmental administration portion of the facilities & administration (DA-F&A) recovery charged to sponsored projects. Each year Accounting & Business Support records an adjustment (increase or decrease) to your continuing budget based upon last year's calculated allocation compared to this year's calculated allocation. The budget transaction processed to your operating expense budget pool (account 460000) reflects the continuing change in your base funding for DA-F&A for FY2012.

FY2012 Continuing budget increase/-decrease to budget pool 460000.....\$10,103

DA-F&A Calculation:

> FY2012 calculated allocation (budget account code 960001)	100,613
> Less: FY2011 calculated allocation (budget account code 960000)	90,510
> Equals: Net FY2012 DA-F&A continuing increase/-decrease to your operating expense budget pool (account code 460000)	<u>10,103</u>

Note: The adjustment for classified staff salary increases by department has been eliminated. If there are classified staff salary increases (none for FY2012), the adjustment will be made at the campus level before the departmental allocations are calculated.

Please contact Stefanie Furman, Assistant Director – Cost Accounting, by email (Stefanie.Furman@colorado.edu) or phone (303-492-2428), if you have questions about the detailed calculations behind these figures.

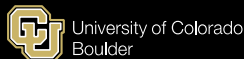


Table Format

FISCAL YEAR	Department's ICR (After Splits) 4/1-3/31	/	Total ICR for Campus 4/1-3/31	=	Department's Contribution	*	Total Amount Available for Allocation	=	Department's Share of Allocation	Change from Prior Year (adjustment to continuing budget)
FY11-12	350,000	/	73,549,124	=	0.48%	*	21,142,792	=	100,613	10,103
FY10-11	300,000	/	63,259,972	=	0.47%	*	19,085,430	=	90,510	17,639
FY09-10	250,000	/	55,653,866	=	0.45%	*	16,222,077	=	72,870	N/A

Suggested Use of DAICR Funds

- Facilities & Administrative costs that support research:
 - Administrative & technical support staff
 - Office supplies, postage, travel, and other expenses in the support account
 - Student hourly assistants to the support account
 - Purchase or repair of general purchase equipment
 - Faculty travel

