

FACT #3: A 54% RATE DOES NOT EQUAL 54¢ OF THE DOLLAR TO F&A

Myth

Myth #3: An F&A cost rate of 54% means that over half of the funding goes to pay F&A costs with less than half available for direct costs.

Facts

F&A cost rates are applied to the Modified Total Direct Costs (MTDC) of a project, which results in F&A charges of no more than one-third of a project's total costs.

Example: \$100,000 is required to support a proposed project. Of which, \$80,000 is MTDC (i.e. the F&A cost rate is applicable). The total budget is calculated as follows:

$$\$80,000 \text{ (MTDC)} \times 54\% = \$43,200$$

$$\$100,000 + 43,200 = \$143,200 \text{ Total Project Costs}$$

$$\text{F\&A} = 30\% \text{ of Total Project Costs}$$