

BPC

May 25, 2004

TO: Centers Chief Financial Officers
 Centers Deputy Chief Financial Officers

FROM: B/Chief Financial Officer

SUBJECT: Interim Policy for Reimbursable Agreements General and Administrative
 Costs

This memorandum provides guidance on General and Administrative (G&A) costs that should be included in reimbursable agreements under full cost methodology. Additionally, the guidance restates and clarifies NASA's policy and process for waiving indirect charges for reimbursable activity.

All reimbursable activities should carry the same Corporate and Center G&A tax burden as direct programs unless waived under the circumstances identified in the current FMM 9090. Corporate and Center G&A rates for reimbursable activities should be developed and used in accordance with existing full cost guidance, for budget formulation and execution. Total G&A will consist of both NASA funded and reimbursable activities. For the purpose of formulating the NASA budget, only the G&A associated with NASA funded programs will be submitted in related justification materials. Separate requirements exist for submitting budget materials related to reimbursable authority. Any necessary rate adjustments caused by changes in levels of reimbursable activity will be addressed through the same periodic reviews used to adjust NASA funded programs in the year of execution. NASA Headquarters will issue the Corporate G&A rate via memorandum to the Centers' Chief Financial Officers (CFOs) and Deputy CFOs. This memorandum will be provided on an annual basis. Policy will soon be issued to discuss the circumstances that would warrant rate adjustment.

Centers may not incur obligations or process offsets against Corporate G&A collected from customers. Collections for Corporate G&A must be forwarded to NASA Headquarters, Headquarters Operations, Code OCB, Business Area 10. When advance payments are received for reimbursable work, the Corporate G&A cost pool should be funded up front before work commences. If no advance payment is received, the Corporate G&A cost pool should receive funding once NASA has been reimbursed for work performed.

Fully loaded cost will be charged to all customers unless otherwise prescribed by law. The current FMM 9091-2 includes references to statutes that contain exceptions to full costs for reimbursable activities. All exceptions must be documented and justified in the EPR. It should be noted that all waived costs are, by default, absorbed by current programs/projects. The Deputy CFO for Financial Management is responsible for review and approval of all waiver requests for the Headquarters reimbursable agreements and for all waivers involving Corporate G&A. The Center CFO is responsible, with concurrence from the affected Enterprise and/or IPO, for the review and approval of waivers of center related costs on reimbursable agreements.

The enclosed EPR has been revised to reflect changes for the full cost elements. Particularly, sections have been added to include cost of service pools, corporate G&A and Center G&A. The actual EPR prepared should contain at a minimum the categories identified on the sample EPR.

This policy is effective immediately for all new FY 2004 and subsequent reimbursable agreements. No rate changes are required for reimbursable agreements that have been negotiated, signed, and will be executed in FY 2004. This policy will be included in the revision of the Reimbursable Operations chapter of the Financial Management Regulation (FMR). If you have questions regarding this revised policy, please contact Ms. Juanakee Calhoun by electronic mail at juanakee.Calhoun-1@nasa.gov or by phone at (202) 358-1583.

Original Signed By

Gwendolyn Sykes Brown

Enclosure

SAMPLE ESTIMATED PRICE REPORT

Customer:

UPN:

Customer Order Number:

Work Breakdown Structure:

| <u>Cost Element</u> | <u>Full Costs</u> | <u>Waived Reimbursements</u> | <u>Price</u> |
|--|-------------------|------------------------------|--------------|
| Civil Service Salaries: | | | |
| Direct Reimbursable Activity | | | |
| Service Pool Support | | | |
| Total Civil Service Salaries | | | |
| Fringe Benefits @ current budget rate | | | |
| Civil Service Travel: | | | |
| Direct Reimbursable Activity | | | |
| Service Pool Support | | | |
| Total Civil Service Travel | | | |
| All Other (Procurements, Contracts, Purchases, Grants, Materials, etc) | | | |
| Direct Reimbursable Activity | | | |
| Service Pool Support | | | |
| Total All Other | | | |
| Service Pool Costs (rate) | | | |
| Facility & Related Service | | | |
| Information Technology Services | | | |
| Fabrication Services | | | |
| Science and Engineering Services | | | |
| Test Services | | | |
| Wind Tunnel Service | | | |
| Independent Technical Authority/Safety Mission and Assurance (ITA/SMA) | | | |
| Total Service Pool Costs | | | |
| Total Reimbursable Direct Costs | | | |
| Corporate G&A (Note 1) | | | |
| Center G&A (Note 2) | | | |
| CAAS | | | |
| Depreciation | | | |
| Total Full Cost | | | |

Enclosure

Basis for Exceptions from Full Cost:

Required Signatures:

Name/Title

Signature /Date

Center Reimbursable Order Manager:

Center Chief Financial Officer

Enterprise and/or IPO

Note 1. Corporate G&A cost equals the Corporate G&A rate multiplied by the reimbursable direct costs. Reimbursable direct costs include Civil Servants' salaries and benefits, procurement, travel and service pool costs. The Corporate G&A rate is issued by NASA Headquarters.

Note 2. Center G&A cost equals the Center G&A rate for reimbursable activity multiplied by the number of people onsite supporting the reimbursable activity multiplied by the duration of reimbursable activity in business days. Onsite support is the sum of Center workforce supporting the reimbursable activity (including service pools, civil servants and contractors) and the reimbursable customer's staff working onsite. The G&A rate is a dollar amount per WFE. Below is an example of how to compute the Center G&A rate and Center G&A cost for reimbursable activity:

- Step 1: Determine the Center G&A rate per business day.
Example: There are 260 business days per NASA year. If the overall Center G&A rate equals \$40,000 per WFE, then the Center G&A rate per business day equals \$40,000 per WFE divided by 260 business days per NASA Year ($\$40,000/260 = \153.85 per WFE per business day).
- Step 2. Determine number of people onsite supporting the reimbursable activity. Example: 10 people.
- Step 3: Determine the duration of reimbursable activity in business days. Example: 100 business days.
- Step 4. Determine Center G&A cost for the reimbursable activity (Step 1 results multiplied by Step 2 results, multiplied by Step 3 results). Example: $\$153.85 \times 10 \times 100 = \$153,850.00$