

May 24, 2004

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TO: Distribution

FROM: B/Chief Financial Officer

SUBJECT: Revised General and Administrative (G&A) Rate for Fiscal Year 2004

In a memorandum dated October 3, 2003, the Acting Director for Financial Policy issued an Agency G&A rate to be used to calculate the full G&A cost of reimbursable agreements. Additionally, the Acting Director stated that the rate would be evaluated and adjusted during FY 2004.

The Financial Policy Division has completed its review and determined that the Agency G&A rate will be discontinued and replaced with the standard Corporate and Center G&A rates used by direct programs/projects. Interim policy has been issued concerning this change.

After review of the Corporate G&A expenses and the minimal assessment to reimbursable activity, NASA Headquarters has determined that a 6% Corporate G&A rate is required to more accurately assess reimbursable activities their fair portion of Corporate G&A. Centers should begin applying the 6% rate on all new FY 2004 and subsequent reimbursable agreements. No part of the 6% should be retained by the Centers. The full 6% rate represents Corporate G&A and should be forwarded to NASA Headquarters, Headquarters Operations, Code OCB, Business Area 10. Headquarters will continue to review the Corporate G&A rate periodically and make adjustments as necessary.

If you have questions regarding the Corporate G&A rate, please contact Ms. Juanakee Calhoun via electronic mail at juanakee.calhoun-1@nasa.gov or by phone at (202) 358-1583.

Original Signed By

Gwendolyn Sykes-Brown

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