

## Indirect Cost Guide for Recipients of Western SARE Grants between 2019 - 2021

*The following information is applicable only to Western SARE grant recipients between 2019-2021 and serves as an archive. The grant, i.e., subaward agreement, would have been issued by Montana State University.*

The information that follows should serve as a guide for understanding and calculating Indirect Costs (also commonly referred to as F&A or Facilities & Administrative costs) as a part of your proposed budget. Please note: these guidelines apply to all WSARE grant opportunities (*Research & Education; Professional + Producer; Graduate Student Grants in Sustainable Agriculture; Professional Development Program Grants; Research to Grass Roots; and, State Implementation and Enhancement Grants*) with the exception of Farmer and Rancher Grants; this is because all funds go directly to the producer and therefore are not eligible to receive IDCs.

USDA NIFA may apply legislative limits on IDCs for its various programs. Under the SARE program, NIFA states IDCs may not exceed 10% of the Total Federal Funds Awarded (TFFA); this calculates to roughly 11.111% of Total Direct Costs (TDC). Note: the 10% limit is a cap on the portion of an applicant's<sup>1</sup> budget that may be requested for IDCs; it is not an IDC rate. An example of how this is calculated is illustrated below:

Allowable IDCs = 0.10 TFFA  
Total Direct Costs = 0.90 TFFA

$0.10 \text{ TFFA} / 0.90 \text{ TFFA} = 11.111\% \text{ IDC rate applied to Total Direct Costs}$

Below is an example of how to calculate your Indirect Costs using the USDA cap of 10% TFFA which equates to an IDC rate of 11.111% of Total Direct Costs.

Example: The Call for Proposals (CFP) for the grant program to which you are applying states TFFA is limited to \$50,000 and the IDC cap is 10% of TFFA.

$\$50,000 \text{ TFFA} \times .10 \text{ IDC CAP} = \$5,000 \text{ IDCs (rounded to nearest dollar)}$   
 $\$50,000 \text{ TFFA} - \$5,000 \text{ IDCs} = \$45,000 \text{ Total Direct Costs}$   
Award Total = \$50,000

IDCs calculated using 11.111% of TDC results in the same IDC amount:  
 $\$45,000 \text{ TDC} \times .11111 \text{ IDC rate} = \$5,000 \text{ IDCs (rounded to nearest dollar)}$

Per Federal Uniform Guidance, institutions and organizations that do not have a Federally Negotiated Indirect Cost Rate Agreement (NICRA) may request the 10% de minimis rate. If your organization falls into this category, the 10% de minimis rate is applied to Modified Total Direct Costs (MTDC). For Western SARE grants, MTDC is total direct costs related to the award (e.g., salaries and fringe benefits, materials and supplies, consultant services, travel costs, etc.) excluding each subaward in excess of \$25,000, tuition remission (allowed only on *Research and Education* grants) and participant support.<sup>2</sup> A simplified example of how an organization using the 10% de minimis rate calculates their budget is illustrated below:

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<sup>1</sup> Applies to institutions and organizations with a federally Negotiated Indirect Cost Rate Agreement (NICRA) by their cognizant agency.

<sup>2</sup> Normally, capital equipment (*single autonomous piece of equipment \$5K or more*) is also excluded when using the MTDC base, however, capital equipment purchases are not allowed under the Western SARE program.

Example: The CFP for the grant program to which you are applying states TFFA is limited to \$75,000 and the IDC cap is 10% of TFFA. You are an organization without a NICRA and will use the 10% de minimis rate.

Proposed Budget	
Salaries & Fringe	30,000
Supplies & Materials	4,645
Travel	2,900
Professional Services Fees	2,000
Subaward to XYZ Organization	<u>29,000</u>
Total Direct Costs Requested	\$68,545
MTDC	\$64,545 (\$68,545 – \$4,000 for the portion of the subaward in excess of \$25K)
IDCs Requested	\$6,455 (\$64,545 x .10)
Total Costs Requested	\$68,545 TDC
	<u>\$6,455 IDC</u>
	\$75,000 Total Costs

#### Acronyms

CFP	Call for Proposals
IDCs	Indirect Costs (also known as F&A – Facilities & Administrative Costs)
MTDC	Modified Total Direct Costs
NICRA	(Federally) Negotiated Indirect Cost Rate Agreement
TDC	Total Direct Costs
TFFA	Total Federal Funds Awarded