

CALCULATION OF INDIRECT COSTS WHEN 7 U.S.C 3319 a. and c. IS APPLICABLE AND RELATED FREQUENTLY ASKED QUESTIONS

1. How do you calculate the maximum indirect cost (IDC) when the 30% of TFFA cap is applicable to the program? Below are two scenarios; scenario one applies when there are no subs, scenario two applies when subs are involved. Each scenario also describes how to treat a required match.

Scenario One

PRIME

- A. Lesser of Negotiated Rate or 30% of total federal funds Awarded (TFFA) = Maximum for Prime Budget

MATCH

IDC for PRIME + IDC for MATCH = cannot exceed the results of A.

Scenario Two

PRIME

- A. Lesser of Negotiated Rate or 30% of TFFA = Maximum for Prime Budget

MATCH

IDC for PRIME + IDC for MATCH = cannot exceed the results of A.

SUB

- B. Lesser of Negotiated Rate or 30% of TFFA = Maximum for Sub Budget

IDC for A. (includes PRIME plus MATCH) + IDC for B. (sum of all subs) = cannot exceed 30% of TFFA of Prime or the prime and the subrecipient(s) indirect costs must be adjusted so the total indirect costs charged under the award does not exceed 30 percent of the total federal funds awarded to the prime (or pass-through entity).

2. How did the passage of the 2018 Farm Bill change the indirect cost cap for competitive grant programs? For mandatory programs?

NIFA's competitive grant programs indirect cost rates were impacted by the Farm Bill. NIFA has two types of competitive grant programs: mandatory and discretionary. The 2018 Farm Bill increased the indirect cost cap for many of NIFA's mandatory program from 22% of total federal funds awarded (TFFA) to 30% of TFFA and applies the cap to the total of the prime as well as subs indirect costs. For many of NIFA's discretionary programs, the cap remained at 30% of TFFA and, like the mandatory programs, applies the cap to the total of the prime as well as subs indirect costs.

3. How can I determine the applicable indirect cost cap for a particular program?

Each request for application (RFA) will stipulate the applicable indirect cost cap along with further details. NIFA also provides a chart with indirect cost information on a program-by-program basis (see <https://nifa.usda.gov/resource/indirect-cost-chart>).

4. How would I determine the allowable indirect costs if this is my budget?

	Totals (\$)	Totals (\$)
Section A, Senior/Key Person:		360,520
Section B, Other Personnel:		197,266
Total Number Other Personnel:	8	
Total Salary: Wages and Fringe Benefits (A+B)		557,786
Section C, Equipment:		0
Section D, Travel:		70,060
1. Domestic	70,060	
2. Foreign		
Section E, Participant/Trainee Support Costs:		0
Section F, Other Directs Costs:		72,154
1. Materials and Supplies	4,349	
2. Publication Costs	1,600	
3. Consultant Services	36,000	
4. ADP/Computer Services	0	
5. Subawards/Consortium/Contractual Costs	0	
6. Equipment or Facility Rental/User Fees	8,105	
7. Alterations and Renovations	0	
8. Other 1	22,100	
9. Other 2	0	
10. Other 3	0	
Section G. Direct Costs (A thru F):		700,000
Section H. Indirect Costs:		300,000
Section I. Total Direct and Indirect Costs (G. + H.)		1,000,000
Section J. Fees		0
Section K. Total Costs (I. + J)		1,000,000

Maximum IDC Allowed = 30% of total federal funds awarded (TFFA) of \$1,000,000 = \$300,000.

Approved Negotiated Rate = 53% of MTDC (\$700,000 - 8,105 equipment) = \$691,895 X 0.53 = \$366,704.

The lesser amount of the above two calculations is \$300,000 and therefore is the maximum allowable.

5. How would I determine the indirect costs if this is my budget?

	Totals (\$)	Totals (\$)
Section A, Senior/Key Person:		211,702
Section B, Other Personnel:		0
Total Number Other Personnel:	0	
Total Salary: Wages and Fringe Benefits (A+B)		211,702

Section C, Equipment:		0
Section D, Travel:		15,000
1. Domestic	12,500	
2. Foreign	2,500	
Section E, Participant/Trainee Support Costs:		0
Section F, Other Directs Costs:		161,532
1. Materials and Supplies		
2. Publication Costs	0	
3. Consultant Services	4,000	
4. ADP/Computer Services	0	
5. Subawards/Consortium/Contractual Costs	152,532	
6. Equipment or Facility Rental/User Fees	0	
7. Alterations and Renovations	0	
8. Other 1	5,000	
9. Other 2	0	
10. Other 3	0	
Section G. Direct Costs (A thru F):		388,234
Section H. Indirect Costs:		111,712
Section I. Total Direct and Indirect Costs (G. + H.)		499,946
Section J. Fees		0
Section K. Total Costs (I. + J)		499,946

PRIME:

Maximum Allowed = 30% of TFFA = \$499,946 x 30% = \$149,984

Approved Negotiated Rate = 55% of MTDC = \$388,234 - \$127,532 (\$152,532 - \$25,000*) = \$260,702 X 55% = \$143,386

*MTDC allows first \$25,000 for each subrecipient

SUBAWARD:

Maximum Allowed = 30% of TFFA = \$152,532 x 30% = \$45,759

Approved Negotiated Rate = 52% of MTDC = \$106,773 x 52% = \$55,522

The lesser amount for:

Prime \$143,386 plus

Subaward \$45,759 = \$189,145 which exceeds 30% of Prime's TFFA of \$149,984.

Prime and the subrecipient(s) must agree on an allocation of indirect costs so that the total indirect costs charged under the award does not exceed 30 percent of the total federal funds awarded to the prime (or pass-through entity) (\$149,884 is maximum allowable).

6. How would I determine the indirect costs if this is my budget?

	Total Fed (\$)	Total Non-Fed (\$)	Totals (\$)
Section A, Senior/Key Person:	355,084	0	366,084
Section B, Other Personnel:	75,666	0	75,666
Total Number Other Personnel:			18
Total Salary: Wages and Fringe Benefits (A+B)	430,750	0	430,750
Section C, Equipment:	0	0	0
Section D, Travel:	11,845	0	11,845
1. Domestic	11,845	0	0
2. Foreign	0	0	0
Section E, Participant/Trainee Support Costs:	0	0	0
Section F, Other Directs Costs:	107,410	272,160	379,570
1. Materials and Supplies	21,500	0	21,500
2. Publication Costs	0	0	0
3. Consultant Services	0	0	0
4. ADP/Computer Services	2,600	0	2,600
5. Subawards/Consortium/Contractual Costs	0	0	0
6. Equipment or Facility Rental/User Fees	0	230,400	230,400
7. Alterations and Renovations	0	0	0
8. Other 1	8,640	41,760	50,400
9. Other 2	58,512	0	58,512
10. Other 3	16,158	0	16,158
Section G. Direct Costs (A thru F):	550,005	272,160	822,165
Section H. Indirect Costs:	49,995	0	49,995
Section I. Total Direct and Indirect Costs (G+H)	600,000	272,160	872,160
Section J. Fees	0	0	0
Section K. Total Costs (I. + J)	600,000	272,160	872,160

Maximum Allowed = 30% of TFFA = \$600,000 x 30% = \$180,000

Approved Negotiated Rate = 9.09% of MTDC = \$550,005 X 9.09% = \$49,995

The lesser amount of the above two calculations is \$49,995 and therefore is the maximum allowable for Prime.

7. My organization elected the 10% de minimis rate allowed per 2 CFR 200. How should this rate be treated when using the calculation guidance identified in item 1. above?

While the 10% de minimis rate is not a negotiated rate, it should be treated as such when performing the indirect costs calculation identified in item 1. above. When the prime awardee's uses the de minimis rate and that is less than 30% TFFA, subrecipients have the opportunity to

receive indirect costs. The updated calculation guidance identified in item 1. is to be followed to determine the amount of indirect costs allowable.

8. I work for a Federal research agency that applies for federal financial assistance. In doing so, the agency seeks indirect costs based on 10% of total direct costs (TDC). How should this rate be treated when using the calculation guidance identified in item 1. above?

While this 10% rate is not a negotiated rate, it should be treated as such when performing the indirect costs calculation identified in item 1. above.

9. If my institution is the prime recipient and our negotiated rate is less than the maximum of 30% of TFFA, can the difference between the two amounts be applied to subrecipients on the project?

Yes. NIFA initially provided information that indirect costs for the overall award were limited to the lesser of the prime's negotiated rate *or* the maximum of 30% of TFFA. NIFA sought further clarification. Based on the additional information, when the prime awardee's negotiated rate is less than the maximum allowed (30% of TFFA), subrecipients have the opportunity to receive indirect costs. The updated calculation guidance identified in item 1. is to be followed to determine the amount of indirect costs allowable for the prime as well as any subrecipients.

Using the scenario in item 6,

Maximum Allowed = 30% of TFFA = \$600,000 x 30% = \$180,000

Approved Negotiated Rate = 9.09% of MTDC = \$550,005 X 9.09% = \$49,995

Subrecipient indirect costs up to \$130,005 could be charged to the award.

10. When we submitted our application, we verified that the indirect costs were compliant with NIFA's indirect cost guidance. Do we need to continue to monitor the indirect costs now that we have an award?

Yes. When any budgetary modifications are made to the prime or subrecipients, if applicable, NIFA recommends the indirect costs are reviewed to determine if there is any impact and, if so, necessary adjustments are addressed at that time. NIFA advises that at the end of the award (prior to close out), that the awardee verify that actual expenditures are in compliance with the indirect costs limitation.

11. What are unrecovered indirect costs and can they be applied to my cost-sharing/match requirement?

Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.

Unrecovered indirect costs may not be used towards required cost-sharing/match. While 2 CFR 200.306(c) states that unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching with the prior approval of the Federal awarding agency, NIFA competitive awards are subject to 7 CFR 3430.52(b) which does not allow these costs to be applied towards required cost-share/match.

12. My award was amended to include a statement about the new indirect cost cap. Does the cap apply to the award as a whole or does it apply only to expended funds moving forward?

The award revision notifies you of the FY 2018 Farm Bill indirect cost requirements and that it is effective beginning December 21, 2018 and applicable to the identified award; the modification applies to the award as a whole.

13. If I have a continuation award or a renewal, will my award be subject to the updated indirect cost cap?

The updated indirect cost cap does not apply to existing awards, including continuation and renewal awards (same grant number and scope of work) that are modified to add funding or to extend the period of performance. The same requirements associated with these original awards will continue to be applicable.

14. I currently have a NIFA award but I will be moving to a different institution, therefore I will seek a Project Director (PD) transfer (i.e., process to transfer award from current institution to latter institution). Will the award at the latter institution be subject to the updated indirect costs requirement?

It depends on the situation. There are 3 types of PD transfers. The 3 types are mentioned below along with how the IDC should be handled, if the authorization was impacted by the new Farm Bill language:

- A. If the period of availability of the appropriation has NOT passed *(i.e., the funds are still eligible for award and the appropriation has not expired). In this case the transfer is considered a new obligation and a new award to the latter institution in which case the Farm Bill language applies. Using FY 2004 AFRI funds as an example, since such funds are no-year, then they are still available. Since the IDC limit that year (i.e., 20% TFFA) is tied to the '04 appropriation limit, this is the rate that would apply; not the new Farm Bill limit.
- B. If the period of availability of the appropriation HAS passed and this criteria is met: 1) continue to be a need for the project, 2) the purpose and scope of the replacement grant must be the same as the purpose and scope of the original grant (e.g., if the project is serving a particular region then it must continue to serve that region to qualify for a replacement grant; a change in region is considered a change in scope), and 3) the latter institution must be an eligible institution, then it is considered a replacement grant. In this case, any applicable limitation from the initial award would be applicable in the replacement grant since it is not considered a new award.

- C. If the criteria noted in item 2. cannot be met, it's a new obligation/new award with current year funds, then Farm Bill language is applicable.