Dear USDA Capacity Building Grant PIs:

Please note that Indirect Cost (IDC) for the Capacity Building Grant may be charged differently from our normal negotiated rate. The grant requires you to use the lesser of the University rate of 30% Modified Total Direct Cost (MTDC) OR of 30% of Total Federal Funds (TFF) requested. (TFF is the same as Total Project Costs (TPC)). Another method of calculating the maximum allowable IDC is .42857 percent of the total direct costs.

**30% TFF OPTION**

To determine the IDC based on the TPC you must use the following formula:

\[
\text{TPC} = \text{Total Direct Cost (TDC)} + \text{Indirect Costs (IDC)}
\]

\[
\text{IDC} = \text{TDC} \times 0.42857
\]

Example: If your TDC = $40,984
Then your indirect cost is $40,984 \times 0.42857 = $17,565 for indirect costs. Therefore, TPC requested is $40,984 + $17,565 = $58,549

If you want to determine the amount of Total Direct Cost (TDC) you have to work with, use the following formula:

\[
\text{TDC} = \frac{\text{TPC}}{1.42857}
\]

Example: You have a maximum of $150,000 for a 3 year budget:
\[
\text{TDC (TFF)} = \frac{150,000}{1.42857} = \$105,000
\]
The $105,000 is the amount you have available for total direct costs, the balance ($45,000) is indirect costs for the 3 year budget period.

\[
\begin{align*}
\text{TPC} = \text{TPC} \times 0.30 &= \$45,000 \text{ IDC} \\
\text{TDC} + \text{IDC} &= \$150,000
\end{align*}
\]

**University rate of 30% MTDC** OPTION

Using the University rate of 30% MTDC your budget would be calculated as follows:

Example 1: No equipment or subawards.
You have a maximum of $150,000 for a 3 year budget:

\[
\text{TDC} = \frac{\text{TPC}}{1.30}
\]

\[
\text{TPC} = \frac{150,000}{1.30} = \$115,385
\]

The $115,385 is funds available for direct cost and the balance ($34,625) is indirect costs for the 3 year budget period.

\[
\begin{align*}
\text{IDC} = \text{TPC} \times 0.30 &= \$34,615 \text{ (no-equipment or subawards)} \\
\text{TDC} + \text{IDC} &= \$150,000
\end{align*}
\]

Note that in this option, you have less money for direct cost and more in IDC. Therefore, the 22% TFF would be the best option.

*MTDC = total direct costs excluding capital expenditures (individual items of equipment, buildings, alterations and renovations), and that portion of the each subaward in excess of $25,000.*