Dear USDA 2013 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 \textbf{requires you to use the lesser} of the University rate of 30\% Modified Total Direct Cost (MTDC) \textbf{OR} of 30\% of Total Federal Funds (TFF) requested. \textbf{(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.

\textbf{30\% TFF OPTION}

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

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

\[ \text{TPC} = \text{TDC} + \text{IDC} \]

\[ \text{IDC} = \text{TDC} \times .42857 \]

Example: If your TDC = $40,984
Then your indirect cost is $40,984 \times .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:

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

Example: You have a maximum of $150,000 for a 3 year budget:
TDC (TFF) = 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.

\[ $150,000 \text{ TPC} \times 30\% = $45,000 \text{ IDC} \]
\[ $105,000 \text{ TDC} + $45000 \text{ IDC} = $150,000 \text{ TPC} \]

\textbf{University rate of 30\% MTDC* OPTION}

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

\textbf{Example 1:} No equipment or subawards.
You have a maximum of $150,000 for a 3 year budget
TDC = TPC/1.30
$150,000/1.30 = $115,385 funds available for direct cost and the balance ($34,625) is indirect costs for the 3 year budget period.

\[ $115,385 \times .30 = $34,615 \text{ (no equipment or subawards)} \]
\[ $115,385 + $34615 = $150,000 \]

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.