

Office of Sponsored Programs

Guidance for Budget Amendments Involving Indirect Costs (IDC)/Facilities and Administrative (F&A) on Modified Total Direct Costs (MTDC) Awards

Awards issued using FAU's approved federally negotiated F&A rates are subject to a **Modified Total Direct Costs (MTDC)** calculation. The MTDC calculation excludes certain budget categories from applying the F&A rate.

The following budget categories are excluded from the IDC/F&A calculation on MTDC awards:

- Equipment
- Capital Expenditures
- Patient Care Costs
- Rental Costs
- Tuition
- Participant Support Costs
- Portion of each subaward over \$25,000

Awards issued using a sponsor restricted or lower F&A rate are typically calculated on a **Total Direct Costs (TDC)** basis, meaning the rate is applied to **all** budget categories.

Please review your award before proceeding with the budget amendment to determine if the award is calculated on the MTDC or TDC basis.

*Indirect costs (IDC) is known interchangeably as Facilities and Administrative costs (F&A). The term F&A is the most commonly used.

The examples below were developed to assist in preparing budget amendments subject to the MTDC calculation.

From Non-F&A to F&A Budget Line

When re-budgeting from a budget line that is **not** subject to F&A to a budget line that **is** subject to F&A, you need to calculate the correct amount to be re-budgeted including the F&A costs.

(See Example on Next Page)

Example 1:

- Re-budgeting \$2,000 to **OPS - Salary** from **Tuition** for an award with 51% F&A MTDC.
- Step 1: Calculate the amount of F&A that will be increased.
 - $\$2,000 \times .51 = \$1,020$ in F&A
 - (Note: 51% = .51)
 - Total transfer from Tuition would be $\$2,000 + \$1,020 = \$3,020$
- Step 2: Enter budget amendment:
 - Decrease / Credit (-) Tuition by a total of \$3,020
 - Increase / Debit (+) OPS - Salary by \$2,000
 - Increase / Debit (+) F&A by \$1,020

Example 2:

- Re-budgeting a **total** of \$2,000 from **Tuition** to **OPS Salary** for an award with 51% F&A MTDC.
- Step 1: Calculate what proportion of the total will be transferred to OPS Salary.
 - \$2,000 divided by 1.51 = \$1,324.50 direct costs
- Step 2: Calculate what proportion of the amount will be Indirect Costs.
 - $\$2,000 - \$1,324.50 = \$675.50$ indirect costs
- Step 3: Enter budget amendment:
 - Decrease / Credit (-) Tuition by a total of \$2,000
 - Increase / Debit (+) OPS - Salary by \$1,324.50
 - Increase / Debit (+) Indirect Costs by \$675.50

From F&A to Non-F&A Budget Line

When re-budgeting from a budget line that **is** subject to F&A such as other direct costs or Travel to a budget line that **is not** subject to F&A such as equipment or tuition, there will be a decrease in the F&A amount.

Example:

- Re-budgeting \$5,000 from **Other Direct Costs** to **Equipment** for an award with 51% F&A MTDC.
- Step 1: Calculate what proportion of the amount would be transferred from Other Direct Costs.
 - \$5,000 divided by 1.51 = \$3,311.26 direct costs
- Step 2: Calculate what proportion of the amount will be F&A.
 - $\$5,000 - \$3,311.26 = \$1,688.74$ F&A
- Step 3: Enter budget amendment:
 - Decrease / Credit (-) Other Direct Costs by 3,311.26
 - Decrease / Credit (-) F&A by \$1,688.74
 - Increase / Debit (+) Equipment by \$5,000