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 x .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