

NIFA Indirect Cost Calculation Guidance for PERA Budgeting

The 2018 Farm Bill restricts F&A on NIFA funding to 30% of the Total Federal Funds (TFF). 30% of total projects costs is equivalent to 42.857% TDC. F&A should be calculated using either the University's negotiated rate or 42.857% TDC, whichever is less and does not exceed the 30% TFFA. Check the RFP for confirmation of this policy.

Budgeting guidance for PERA

Budgets with no Subawards

A budget with no Subawards can be budgeted with one (or more if needed) sponsor budgets on the Funding Proposal.

1. From the General Budget Information page, select "Yes" to calculate F&A with standard F&A cost base and rates. This will result in a budget with a MTDC base and the rate determined by project Activity Type.

3. * Does this budget use the standard F&A cost base and rates? 

Yes No [Clear](#)

Standard F&A cost base and rates

	Period	1	2	3
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026
	End:	10/31/2025	10/31/2026	10/31/2027
MTDC	Rate:	57%	57%	57%

2. Continue to create the budget as outlined in the User Guide.
3. After all costs are entered, select Finish to return to the Budget Workspace. The financials information will be updated with the budget information.
4. Check the Total F&A Cost for the budget.
5. To determine which rate should be used, update the base and rate information to compare which option is lower.
6. From the General Budget Information page, select "No" to calculate F&A with USDA F&A cost base and rates. This will result in a budget with a TDC base and a reduced rate.
7. From the F&A Cost Base drop down, select "TDC".
8. In the rate fields, enter 42.857%

3. * Does this budget use the standard F&A cost base and rates? ?

Yes No [Clear](#)

Standard F&A cost base and rates

	Period	1	2	3
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026
	End:	10/31/2025	10/31/2026	10/31/2027
MTDC	Rate:	57%	57%	57%

Non-standard F&A cost base and rates

	Period	1	2	3	
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026	
	End:	10/31/2025	10/31/2026	10/31/2027	
MTDC ▼	Rate:	42.857% <input type="text"/>	42.857% <input type="text"/>	42.857% <input type="text"/>	<input type="button" value="Clear"/>

9. Determine which rate results in lower Indirect Costs and does not exceed 30% of TFFA and Finalize the budget.

Budgets with Subawards

A budget with one or more Subawards must be budgeted with two (or more if needed) sponsor budgets in the Funding Proposal.

1. Create the Purdue Budget using the above guidance. Only Purdue costs will be included.
2. Create and Additional Budget from the Funding Proposal Workspace Activity List.

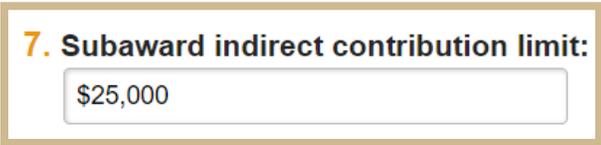
A rectangular button with a blue border and a blue icon of a plus sign inside a square, followed by the text "Create Additional Budget" in blue.

3. Complete the General Budget Information page for the New Budget, select "Yes" to calculate F&A with standard F&A cost base and rates. This will result in a budget with a MTDC base and the rate determined by project Activity Type.
4. Continue through the pages of the Budget Form entering \$0.00 for all personnel and general costs. This will result in a \$0 budget.
5. Select Finish to return to the Budget Workspace.
6. Select Create Subaward from the Budget Workspace Actions list.

A dark blue rectangular button with the text "Create Subaward" in white.

7. Continue to create the budget as outlined in the User Guide. Do not change the Subaward indirect contribution amount at this time.

7. Subaward indirect contribution limit:

A rectangular input field with a light gray border, containing the text "\$25,000". The entire field is enclosed in a gold border.

8. Select Finish to return to the Budget Workspace.

9. Repeat this process for each additional Subaward.

10. Return to the Funding Proposal Workspace and Select the Financials Tab.



11. Check the Total F&A Cost for the budget.

12. Update the base and rate information for the sponsor budget and all subaward budgets to determine which option is lower. (The Budget Template Spreadsheet can also be used here.)

13. Update the cost base and rates on the Sponsor Budget. From the General Budget Information page, select "No" to calculate F&A with USDA F&A cost base and rates. This will result in a budget with a TDC base and a reduced rate.

14. From the F&A Cost Base drop down, select "TDC."

15. In the rate fields, enter 42.857%.

3. * Does this budget use the standard F&A cost base and rates? [?](#)

Yes No [Clear](#)

Standard F&A cost base and rates

	Period	1	2	3
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026
	End:	10/31/2025	10/31/2026	10/31/2027
MTDC	Rate:	57%	57%	57%

Non-standard F&A cost base and rates

	Period	1	2	3	
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026	
	End:	10/31/2025	10/31/2026	10/31/2027	
MTDC <input type="text" value="▼"/>	Rate:	<input type="text" value="42.857%"/>	<input type="text" value="42.857%"/>	<input type="text" value="42.857%"/>	<input type="button" value="Clear"/>

16. Update the Subaward Budgets. On the Main \$0.00 Subaward Budget, from the General Budget Information page, select "No" to calculate F&A with USDA F&A cost base and 0% rate. This will result in a budget with a TDC base and a reduced rate.

17. From the F&A Cost Base drop down, select "TDC."

18. In the rate fields, enter 0%.

3. * Does this budget use the standard F&A cost base and rates? [?](#)

Yes No [Clear](#)

Standard F&A cost base and rates

	Period	1	2	3
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026
	End:	10/31/2025	10/31/2026	10/31/2027
MTDC	Rate:	57%	57%	57%

Non-standard F&A cost base and rates

	Period	1	2	3	
F&A Cost Base	Start:	11/1/2024	11/1/2025	11/1/2026	
	End:	10/31/2025	10/31/2026	10/31/2027	
TDC <input type="text"/>	Rate:	<input type="text" value="0%"/>	<input type="text" value="0%"/>	<input type="text" value="0%"/>	<input type="button" value="Clear"/>

19. All Subaward Budgets will update after saving and selecting Finish.

20. Return to the Funding Proposal Workspace and Select the Financials Tab.

Budgets	SF424 Summary	History	Reviewers	Attachments	Financials	Reviewer Notes	Related Projects
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21. Determine which rate results in lower Indirect Costs

- Check that the indirect is still within the guidelines - add all indirect costs from all the subawards, including PU IDC, and then do the calculation that the total IDC does not exceed 30% of the TFFA.

22. Finalize the budget.

Examples of Subaward Scenarios for NIFA projects.

Scenario 1: Purdue as prime (lead) applicant:

Assuming the 30% Total Federal Funds (TFF) cap applies and results in lesser F&A:

- Purdue will waive F&A on all subawards budgeted, Purdue will not collect F&A on the first \$25K per subaward
- Purdue will charge the 42.857% TDC rate on all other direct cost items in Purdue's portion of the budget
- Any sub recipient budgets could include F&A @ the 30% TFF cap, or their negotiated indirect cost rate, whichever results in lesser F&A

Scenario 2: Purdue as prime (lead) applicant*:

Assuming Purdue's negotiated indirect cost applies and results in lesser F&A:

- Purdue will charge F&A on the first \$25,000 of all subawards with the applicable negotiated rate
- Purdue will charge the applicable negotiated rate (MTDC) on all other direct cost items in Purdue's portion of the budget
- Any sub recipient budgets could include F&A @ the 30% TFF cap, or their negotiated indirect cost rate, whichever results in lesser F&A
 - Sub recipient budgets will need to be closely monitored to ensure that the TOTAL project (Purdue + subs) indirect costs stay within the 30% TFF limitation

*Scenario 2 can have many variables. Pre-Award must analyze case by case to ensure 30% TFF cap.

Scenario 3: Purdue as a sub recipient

- Purdue will adhere to directions from the prime (lead) applicant on any guidance they provide on restricting/limiting indirect costs to sub recipients, assuming the lead chooses to take the maximum indirect costs allowable on the TOTAL project.

NOTE: NIFA has indicated that additional guidance and direction may be forthcoming, but none has been released as of June 2024. Purdue will revisit the points listed above in another 6-12 months depending on how partnering and peer institutions proceed with implementation.

Process confirmed with Beth Siple 6/2024.

Related information: <https://nifa.usda.gov/resource/2018-farm-bill-indirect-cost-provision>