

Indirect Costs Policy

The Foundation for Food & Agriculture Research (FFAR) allows applicants to use up to 10 percent of the total funds requested from FFAR and up to 10 percent of the required one-to-one matching funds towards indirect costs (IDC). These costs are also referred to as facilities and administration (F&A) costs.

FFAR's indirect cost allowance is not an indirect cost rate applied to the total modified direct costs, but instead it is an overall allowance from the Total Funds Requested, also known as Total Project Costs (TPC), to be used for indirect costs by the institution. This means that at least 90 percent of the total funds requested must go directly to the proposed research. Indirect costs cannot exceed 10 percent of the total project budget.

Examples of direct costs (DC) include, but are not limited to, materials, supplies, equipment, salary support for work on a project, fees for data analysis and/or travel.

Examples of IDC include, but are not limited to, departmental administration, rental or building costs and/or expenses for infrastructure.

Upon request, FFAR can reduce the IDC of a project or sub-award to any rate below 10 percent provided that the IDC of matching funds is never lower than the IDC charged to FFAR funds.

Example

A scientist's request (**Total Direct Costs** or TDC) from FFAR is \$100,000. Their **Total Project Cost** (TPC) is: $\$100,000 \div 0.9 = \$111,111.11$. How is the IDC policy applied? $\$111,111.11$ (TPC) minus $\$100,000.00$ (TDC) = $\$11,111.11$ (IDC). The total award then is $\$100,000.00 + \$11,111.11 = \$111,111.11$. So, their effective IDC rate is 11.11 percent. This rate also applies to the total committed matching funds.

Grantees can determine the TDC using the following formula: $TDC = TPC \div 1.1111$.

No part of the indirect cost can be offered towards the required matching funds. Unrecovered indirect cost, defined as the difference between a grantee's federally



negotiated indirect cost rate and FFAR's 10 percent indirect cost allotment, MUST NOT be offered and will not be accepted as a match contribution. FFAR reserves the right to negotiate the total match IDC on a case-by-case basis where there is a two-to-one or greater overmatch.

FFAR's IDC policy can be found on Article IX, Section 6 of [FFAR's Bylaws](#) and also in the "Instructions" tab of the [sample budget worksheets](#) provided on FFAR's website.