**Learning to do the Splits:**

The New IDC Rates on Proposals

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| **UC San Diego Indirect Cost Rates by fiscal year (FY)** | **FY 2018**  7/1/2017  to  6/30/2018 | **FY 2019**  7/1/2018  to  6/30/2019 | **FY 2020**  7/1/2019  to  6/30/2020 | **FY 2021**  7/1/2020  to  6/30/2021 | **FY 2022**  7/1/2021  to  6/30/2022 |
| **Sponsored Research** | 56% | 57% | 57.5% | 57.5% | 58% |

**EXAMPLE**

**Budget Period**: 11/1/2018 – 10/31/2019

**Modified Total Direct Costs (MTDC)** = $120,000 for year 1

**Problem:** UC San Diego’s new federally negotiated rates have built-in increases over the next five years. Your budget period falls under two fiscal years that have two different IDC rates. What do you do?

**SOLUTION**

**Steps for calculating IDC with multiple rates**

* **First:** Divide your MTDC by 12, giving you a monthly MTDC.
  + MDTC = $120,000/12 = **$10,000**
* **Second:** Determine how many months are in each fiscal year.
  + 8 months in FY19 (11/1/2018 – 6/30/2019)
  + 4 months in FY20 *(7/1/2019-10/31/2019)*
* **Third:** Multiple the monthly MTDC by number of months in each fiscal year.
  + **FY19:** $10,000 x **8** = $80,000
  + **FY20:** $10,000 x **4** = $40,000
* **Fourth:** Multiple the amount for each fiscal year by the appropriate IDC rate.
  + **FY19:** $80,000 x **57%** = $45,600
  + **FY20:** $40,000 x **57.5%** = $23,000
* **Total IDC**: $45,600 + $23,000 = **$68,600**for the budget period.

**TIP: Keep It Simple**

**Round to the nearest month:** For IDC calculations on proposals, you do not need to split months with an anticipated start date after the 1st of the month. Use whole months starting on the first of the month closest the anticipated start date.

**Do even splits:** Split the MTDC evenly among number of months in the budget period. You do not need to anticipate which month the costs will incur.