Overview:

For all federal proposals for non-research activities (Activity types "Instruction" and "Other"), the indirect cost rate should be set at 10% Modified Total Direct Costs (MTDC), the federal de minimis rate.

Procedure:

1. In Proposal Details, make sure the Activity Type is set to "Instruction" or "Other" as appropriate:

   ![Proposal Details](image1.png)

   Figure 1 – Specify the Activity Type

2. Go to the Budget tab and “Add Budget” or open an existing budget version by clicking on the name:

   ![Budget](image2.png)

3. In the budget version you will make final, you will need to adjust Budget Settings, Rates Tables, and Institutional Commitments -> Unrecovered F&A:
4. **Budget Settings:** Make sure these settings are in place:
   
a. “Unrecovered F&A Rate type” to **Fund with Transaction Fee** (FUNSN)
b. “F&A Rate type” to **MTDC**

5. In the **Rates table**, set the MTDC rates to **10%**
6. In **Institutional Commitments > Unrecovered F&A**, you will need to enter the amount of unrecovered F&A for each year as a separate line. **Do not do this until the budget is ready to complete.**

   Go to the **Periods and Totals** tab, and note how much underrecovery there is for each budget period:

7. Then go to **Institutional Commitments > Unrecovered F&A**
   a. Enter amount of Unrecovered F&A for each year on a separate line
   b. Enter **10%** as the Applicable Rate
   c. List the funding source as "0000001"
   d. Delete any empty lines
For questions or problems using this Kuali Quick Reference Card or the procedure it describes, please email the Research Administration Education & Support team at ra-help@mit.edu

Include your **Name, Contact Information,** and the **Proposal, Award, or IP Number.**