

Indirect Cost Policy for Project Grants and Contracts for Applicant Organizations

Definition

GAPPS defines indirect costs as:

- Overhead expenses or ongoing operational costs incurred by the applicant organization on behalf of the organization's activities and projects, but that are not easily identified with any specific project.
- Administrative or other expenses which are not directly allocable to a particular activity or project.
- Expenses related to general operations of an organization that are shared among projects and/or functions.
- Basic examples include executive oversight, existing facilities costs, accounting, grants management, legal expenses, utilities, and technology support. To further aid the interpretation of this definition, GAPPS has established examples for the use of our applicants and prospective applicants, which are included in Appendix A.

Other Funding

GAPPS is unable to match the indirect cost rates of the U.S. government or other entities. We recognize that this means that: (a) some grantees may need to engage in cost-sharing between projects, tap into unrestricted funds, or conduct other fundraising to cover operations; or (b) some contractors may choose not to contract with GAPPS. However, we believe our policy is consistent with that of many non-profit organizations and certain government entities that have a flat or maximum rate that caps the amount an applicant institution can charge.

Maximum Indirect Cost Rates

Indirect cost rates for grants and contracts are subject to the following limitations:

0% rate

Government agencies,
Other private foundations,
For-profit organizations

Up to a 10% rate

U.S. universities,
U.S. community
colleges

Up to a 15% rate

Non-governmental
organizations (NGOs),
International organizations,
Non-U.S. universities

- Indirect Costs Reimbursements = Rate % * Total Project Costs (incl. personnel, sub-contracts, supplies, equipment, etc.)
- Rates and limitations apply to *both* the primary applicant organization and any sub-grantees and sub-contractors. Each respective organization may receive indirect costs up to the rate applicable to their organization type.
 - *Example:* If a U.S. university is the primary grantee and includes an international organization as a sub-grantee, the U.S. university can receive up to a 10% rate, while the international organization can receive up to a 15% rate for indirect costs.
- The rates provided above are the *maximum* rates allowed under GAPPS's policy. A grantee or contractor with an actual indirect cost rate lower than the maximum rate provided above should *not* increase the funding request to the maximum allowed.

- Given the policy provides an 'UP TO' percentage amount, the indirect cost rate approved may be anywhere from 0% to 15% depending on the specific situation. For example:
 - *Example 1:* At the discretion of GAPPS, a large grant may be awarded a lower indirect cost rate to reflect reduced overhead required to adequately manage a large grant's direct costs. Actual administrative and maintenance costs do not necessarily increase in direct proportion to grant funds.
 - *Example 2:* If a primary grantee is receiving grant funds which are largely sub-granted to another organization, GAPPS may limit the indirect costs the primary grantee receives on the sub-granted funds. Therefore, to reflect this, the rate could be less than the maximum allowed rate for the primary grantee.

Appendix A: Direct and Indirect Cost Examples

DIRECT COSTS

The following may be included as direct costs in both grants and contracts if

DIRECTLY ATTRIBUTABLE TO THE PROJECT:

- Salaries of employees
 - Can include Project Management
 - Can include directly attributable administrative support, legal or accounting functions, with distinct and measured effort on the project.
- Fringe benefits of employees
- Travel for employees
- Consultants
- Supplies
- Sub-grants (defined as work sourced from the primary grantee to another organization, where funding is provided up front)
- Sub-contracts (defined as work sourced from the primary grantee to another organization, where funding is provided in arrears)

The following may be included as direct costs in GRANTS ONLY if DIRECTLY

ATTRIBUTABLE TO THE PROJECT & NEWLY ACQUIRED SPECIFICALLY FOR THE PROJECT:

- Equipment purchases [Note that all existing equipment would represent indirect costs.]
- Newly-acquired facilities such as:
 - A new field clinic
 - New testing laboratories
 - New project implementation unit office[Note that all existing facilities would represent indirect costs.]
- Utilities for newly acquired facilities
- Newly acquired Information Technology equipment and support for the project

INDIRECT COSTS

- Existing facilities costs (e.g. rent, maintenance, etc.) such as:
 - University headquarters
 - Country/regional offices
- Utilities for existing facilities
- Existing Information technology equipment and support (e.g. centralized IT systems, networks, etc.)
- Existing shared equipment
- Existing equipment maintenance
- Depreciation on equipment
- Insurance
- Communications expenses (e.g. phones, etc.)
- Administrative office supplies
- General administrative support:
 - Executive management (CEO, COO, CFO, etc.)
 - Executive administrators
 - General ledger and grants accounting
 - General financial management staff
 - Internal audit function
 - Institutional legal support
 - Research management personnel
 - Information technology support staff
 - Facilities support personnel
 - Scientific support functions
 - Environmental health/safety personnel
 - Human resources
 - Library & information support
 - Shared procurement resources
 - General logistics support
 - Material management (e.g. tracking procurement, inventory management, shipping)
 - Other shared resources not directly attributable to the project

Note: For questions or issues with cost line items for your grant or contract proposal, please email gappsgroups@seattlechildrens.org.