



INDIRECT COSTS POLICY

Indirect or overhead costs are costs for activities that benefit more than one project and for which it is difficult to determine how much each project should pay. The Foundation defines these costs according to the Office of Management and Budget Circular A-21. In that circular, such costs are defined as costs *“that are incurred for common or joint objectives and, therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.”*

While the Foundation is not committed to matching the indirect-cost rates that the federal government pays its applicants and contractors, the Foundation recognizes that in some circumstances, the recovery of indirect or overhead costs is necessary.

Therefore, the Foundation allows for an indirect-cost allocation equal to 0–15% of the direct project costs to allow the grantee to cover a portion of its overhead costs. The exact percentage is at the discretion of the Program Officer and will be determined during the grant review and development process. If an applicant has an indirect-cost rate lower than the maximum provided above, the applicant should not increase the funding request to the maximum. In many grants across its program areas, the Foundation anticipates an indirect-cost allocation less than the maximum allowable rate. The Foundation will not pay any indirect-cost allocation for capital projects.

The Foundation recognizes it may provide grants to primary grantees, which will support third-party or partner organizations through subcontracted work. Unless there are unusual circumstances, the Foundation excludes sub-grantee costs from the calculation of the indirect-cost allocation for the primary grantee. Specifically, no overhead is allowed to the primary grantee for subcontracted work, although administrative costs associated with the management of sub-contracts is permissible to explicitly include as direct costs.

The indirect-cost allocation must be included as a line item in the project budget. If the organization’s indirect-cost allocation is not included in the project budget, the allocation will not be supported by the Foundation or the Fund.