

Alaska Sustainable Salmon Fund

Indirect Cost Guidance

(for use by entities without a federally-negotiated indirect rate)

On the Project Proposal Form and Statement of Work Form, you were asked to complete a “Budget Summary Chart” for direct costs for the proposed project, and to “add a budget line item for non-state agency project indirect costs, if applicable.” (See definitions below). This guidance is an informal synopsis of detailed information found in OMB Circular A-87, found at http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf.

Definitions:

Direct Costs are those that can be identified specifically with a particular final cost objective. Typical direct costs chargeable to Federal awards are:

- a) Compensation of employees for the time devoted and identified specifically to the performance of those awards.*
- b) Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.*
- c) Equipment and other approved capital expenditures (equipment costs more than \$5,000 and has a life of more than one year)*
- d) Travel expenses incurred specifically to carry out the award.*

Indirect Costs are typically those that are incurred for a common or joint purpose benefiting more than one cost objective. In other words, indirect costs are common to two or more of a grantee’s projects or operations not readily assignable to a specific cost objective, and allocated accordingly. Generally indirect costs include:

- a) Cost of building occupancy*
- b) Equipment usage*
- c) Procurement*
- d) Personnel administration*
- e) Accounting and other overhead activities that are charged to grants and contracts proportionately.*
- f) Supplies not directly related to project (such as office supplies).*

Indirect may not be charged on equipment (direct cost) or subawards greater than \$25,000.

An indirect cost rate is computed by dividing the indirect costs by the direct costs.