



## Direct and Indirect Costs

We believe that it is important for funders to cover the full cost of a project to an organization and have our grants reflect the full cost of achieving the project outcomes an organization strives to achieve. We encourage organizations to consider and include the full cost of their projects when developing budgets, including both direct and indirect costs.

We rely upon your organization to determine how best to allocate the proposed grant amount to support both the direct and indirect costs you will incur. We encourage you to have a conversation with your Program Officer to develop a shared understanding the true costs associated with the project.

For project support grants, “direct costs” of a project are those costs directly attributable to the design, planning and implementation of a project. Direct costs generally include: salaries and benefits of project staff and administrative personnel who assist or manage the project; subcontracts; telephone, postage, and printing costs; and the purchase or rent of any professional services, specific facilities rented, materials, equipment or other resources required to carry out the project.

Indirect costs are a proportional (or incremental) share of those general or administrative expenses that are necessary to deliver project services or outcomes (as well as other organizational activities) that are not easily attributable to the project budget. Funding indirect costs helps to ensure that Irvine contributes to the true cost incurred by the grantee in carrying out the project. Direct expenses should remain the focus of your proposed budget, and typically direct expenses comprise around 80 percent of the total grant award. However, if you have calculated a rate that exceeds 20 percent, we encourage you to speak with your Program Officer as we are interested in learning from our grantees about their full costs.

Indirect costs may include the following general and administrative expenses: office supplies; bank, payroll processing or audit fees; liability insurance; office rent; utilities; equipment purchase or maintenance; and a reasonable portion of the salaries and benefits of executive or administrative personnel who are less directly engaged in project activity. In preparing your proposal budget, please briefly share the thinking (or methodology) used to determine that percentage in your budget narrative and list indirect costs as a single separate line item titled “indirect costs”.

When including the indirect costs line-item in your budget, be aware that these costs should be contained within the total amount requested (as generally agreed upon between your organization and Irvine program staff when the proposal is invited) and not added to increase the total grant award.