

http://www.imls.gov/applicants/indirect_cost.aspx

Indirect Cost Options

You have four options for determining indirect costs:

1. You may choose not to include indirect costs in your budget. In this case, you may skip Item 10 of the Detailed Budget Form.
 2. If you already have an existing negotiated indirect cost rate in effect with another federal agency, this rate may be used to calculate total project costs, as long as the rate is applied in accordance with the terms of the negotiated agreement and a copy of the negotiated agreement is included as a Supporting Document with the IMLS application. We will accept only an indirect cost rate that is current at the time awards are announced.
 3. If your organization is in the process of negotiating an indirect cost rate with another federal agency, the proposed indirect cost rate may be used to estimate total project costs, as long as the proposed rate is applied in accordance with the terms of the proposed agreement and a copy of the indirect cost proposal is included as a Conditionally Required Document with the IMLS application. In such situations, if a grant is awarded, we will not pay any indirect costs until a final indirect cost rate is negotiated with another agency and a copy of the final agreement is submitted to us. It is possible that the amount of the IMLS award will be reduced if the final negotiated rate is less than the rate that was used for budget estimates in the application budget. However, the amount of the IMLS award will not be increased if the final negotiated indirect cost rate is higher than the rate that was used for budget estimates in the application budget.
- Whether your organization has an existing negotiated agreement or is in the process of negotiating one, you must calculate total project costs using an indirect cost rate appropriate to the type of project activity proposed. For example, you may only calculate total project costs using an existing negotiated rate for research activity if the activity proposed to us is a research project. Once we accept an indirect cost rate, this rate shall be considered fixed for the duration of the award even if, during the course of the award, you negotiate a new indirect cost rate.
4. If your organization does not have a negotiated indirect cost rate in effect with any federal agency and does not wish to negotiate one, you may use an indirect cost rate of up to 15 percent to calculate total project costs. If you choose to use this rate, you must be careful to exclude from the budget all administrative indirect-cost-type items, including but not limited to general telephone, postage, office supplies, and office space expenses. The 15 percent rate may be applied to only the first \$5,000 in equipment purchases, consultant fees, contracts, services, and other distorting costs.

However you arrive at your indirect cost rate, it may only be applied to that portion of the total direct costs that you are requesting to be supported by IMLS funds. However, you may also apply your indirect cost rate to the cost share portion of your project's total direct costs, and count it as part of the calculated cost sharing in the project budget.

The cost of student scholarships, fellowships, other stipends, and/or tuition may not be included in the amount on which indirect costs are requested.