How to Calculate Total Indirect Costs when the IDC Rate is Applied to Total Costs

**When there is a total project cost limit**

To calculate, you must know the IDC Rate and the total project amount.

How to Calculate:  
IDC Rate x Total Costs = IDC Amount  
Total Costs - IDC Amount = Total Direct Costs

**EXAMPLE:**  
From guidelines, “The maximum amount that will be awarded is $100,000. IDC recovery is limited to 15%.

Calculations:  
15% x $100,000 = $15,000  
$100,000 - $15,000 = $85,000

Project Costs:  
Total Direct Costs = $85,000  
Total Indirect Costs = $15,000  
Total Costs = $100,000

**When there is no total project cost limit:**

To calculate, you must know the IDC Rate and the Total Direct Costs for this project.

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\begin{align*}
\% \text{ (IDC Rate)} \times \text{Total project budget} &= \text{Total Indirect Costs} \\
\% \times (100 - \text{IDC Rate}) \times \text{Total project budget} &= \text{Total Direct Costs} \\
100\% \text{ of total project budget} &= \text{Total Costs}
\end{align*}
\]

How to calculate:  
Total Direct Costs ÷ % of Total Direct project costs = $ Z  
$ Z \times \% \text{ of Total Indirect project costs} = \text{Total Indirect Costs}  
\text{Total Indirect Costs} + \text{Total Direct Costs} = \text{Total Costs}

To double check your calculations: IDC Rate \times \text{Total Costs} = \text{IDC Amount}

**EXAMPLE:**  
From guidelines, “No more than 15% of the total project budget can be used for indirect costs”.  
Total Direct Costs for this project are $100,000.

15% of total project budget = Total Indirect Costs = Currently unknown amount  
85% of total project budget = Total Direct Costs = $100,000  
100% of total project budget = Total Costs = Currently Unknown Amount

Calculations:  
$100,000 \div 85 = 1,176  
1,176 \times 15 = 17,647  
17,647 + 100,000 = 117,647

Double check your calculations: 15% \times 117,647 = 17,647

Project Costs  
15% of total project budget = Total Indirect Costs = $17,647  
85% of total project budget = Total Direct Costs = $100,000  
100% of total project budget = Total Costs = $117,647