

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.

___% (IDC Rate) of total project budget = Total Indirect Costs
___% (100% - IDC Rate) of total project budget = Total Direct Costs
100% of total project budget = Total Costs

How to calculate: Total Direct Costs ÷ % of Total Direct project costs = \$ Z
 \$ Z × % of Total Indirect project costs = Total Indirect Costs
 Total Indirect Costs+ Total Direct Costs = Total Costs

To double check your calculations: IDC Rate × Total Costs = 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 ÷ 85 = \$1,176
 \$1,176 × 15 = \$17,647
 \$17,647 + \$100,000 = \$117,647

Double check your calculations: 15% × \$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