

Calculating Administrative/Indirect Costs

*The allowable Administrative/Indirect Cost is a pre-determined (NICRA, De Minimis, or Capped) percentage of the Direct Services provided. Your approved Administrative/Indirect cost rate is applied to a specific base of **direct services costs** rather than the grand total of the grant.*

The Formula: *The rate is a ratio of your total Administrative/Indirect costs divided by your direct services budget.*

To calculate the admin cost, you must account for the fact that the administrative/indirect cost is added on top of the direct services, meaning the total award amount represents 100% + administrative/indirect cost % of the direct services budget. For example, if the administrative/indirect cost is 15%, the total award amount represents 115% of the direct services budget.

Step-by-Step Calculation

1. Set up your formula

The total award is the sum of direct services and administrative costs:

$$\text{Total Award} = \text{Direct Services} + \text{Admin Cost}$$

Since the admin cost is 15% (0.15) | 10% (0.10) of the direct services, you can substitute it into the formula:

$$\text{Total Award} = \text{Direct Services} + (0.15 * \text{Direct Services}) \mid \text{Direct Services} + (0.10 * \text{Direct Services})$$

$$\text{Total Award} = 1.15 * \text{Direct Services} \mid 1.10 * \text{Direct Services}$$

Example: $\$100,000 = 1.15 * \text{Direct Services} \mid \$100,000 = 1.10 * \text{Direct Services}$

2. Solve for Direct Services

Divide your total award by (1.15) | (1.10) to isolate the direct services amount:

$$\text{Direct Services} = \text{Total Award} / 1.15 \mid \text{Total Award} / 1.10$$

Example: $\text{Direct Services} = \$100,000 / 1.15 \mid \$100,000 / 1.10$

$$\text{Direct Services} = \$86,956.52 \mid \$90,909.09$$

3. Calculate the Admin Cost

Multiply the direct services amount by 15% (0.15) | 10% (0.10) to get your final admin cost:

$$\text{Admin Cost} = \text{Direct Services} * 0.15 \mid \text{Direct Services} * 0.10$$

Example: $\text{Admin Cost} = \$86,956.52 * 0.15 \mid \$90,909.09 * 0.10$

$$\text{Admin Cost} = \$13,043.48 \mid \$9,090.91$$

Double-Check the Math

- **Add them together:** Direct Services + Admin = Total Award (Matches total award)

Example: \$86,956.52 + \$13,043.48 = \$100,000 | \$90,909.09 + \$9,090.91 = \$100,000

- **Verify the percentage:** Admin Cost/Direct Services = 0.15 (Exact %)

Example: \$13,043.48 / \$86,956.52 = 0.15 (15%) | \$9,090.91 / \$90,909.09 = 0.10 (10%)

The Final Budget Split

Budget Category	Amount	Percentage Allocation	Amount	Percentage Allocation
Direct Services	\$86,956.52	100% (Base)	\$90,909.09	100% (Base)
Admin Cost	\$13,043.48	15% (Of Base)	\$9,090.91	10% (Of Base)
Total Award	\$100,000.00	115%	\$100,000.00	110%

Difference Between Applying to the Total Grant Award and to the Direct Services Budget

7% of Total Grant Award Method			7% of Direct Services Budget			Variance
4,550,000.00	Total Award		4,550,000.00	Total Award		
318,500.00	TA *.07					
4,231,500.00	TA - IC	Direct	4,252,336.45	TA / 1.07		(20,836.45)
296,205.00	Direct * .07	Indirect	297,663.55	Direct * .07		(1,458.55)
4,527,705.00	Direct + IC		4,550,000.00	Direct + IC		(22,295.00)
22,295.00	TA – (Direct + IC)					
Verification						
8%	IC / Direct		7%	IC / Direct		

For more information, you can review standard methods for calculating administrative and indirect costs under federal grant guidelines.