

Additional Indirect Cost Information and Example for Training Grants

If you are applying for a discretionary grant that the U.S. Department of Education considers to be a "Training grant," your indirect cost reimbursement is limited. See the Education Department General Administration Regulations (EDGAR), 34 CFR 75.562, Indirect cost rates for educational training projects at: <http://www.ed.gov/policy/fund/reg/edgarReg/edlite-part75e.html>

Indirect cost reimbursement on ED training grants is limited to the grantee's actual indirect costs as determined by the grantee's negotiated indirect cost rate agreement or 8% of a modified total direct cost base, **whichever is less**. Indirect costs in excess of the 8% limit may not be charged directly, used to satisfy matching or cost-sharing requirements, or charged to another Federal award.

For the purposes of calculating indirect costs for training grants, EDGAR, §75.562(c), defines a modified total direct cost base as:

"total direct costs less stipends, tuition and related fees, and capital expenditures of \$5,000 or more."

Note: This limitation on indirect cost reimbursement for training grants does not apply to agencies of State or local governments, including federally recognized Indian tribal governments. However, the 8% limit applies to cost-type contracts under grants, if these contracts are for training as defined in EDGAR, §75.562(a).

Below is a simplified example for calculating indirect costs for a training grant using the budget categories from the ED 524 form, Budget Information – Non-construction Programs. The ED 524 and Instructions can be found at: <http://www.ed.gov/fund/grant/apply/appforms/appforms.html>

For the purposes of this example, 8% of a modified total direct cost base is used to calculate indirect costs.

1. Personnel	174,000
2. Fringe Benefits	50,000
3. Travel	10,000
4. Equipment	8,200
5. Supplies	920
6. Contractual	4,900
7. Construction	-
8. Other (Tuition)	5,400
9. Total Direct Costs	253,420

Calculate Modified Total Direct Cost Base

Total Direct Costs 253,420

Less:

Equipment 8,200

Tuition 5,400

13,600

Modified Total Direct Cost Base:	239,820
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Multiply \$239,820 by 8%: 19,186

10. Indirect Costs	19,186
11. Training Stipends	6,300
12. Total Costs	278,906