

INDIRECT COSTS POLICY

The Maine Health Access Foundation (MeHAF) has established the following policy guideline for grant applicants related to indirect costs.

MeHAF offers funding for both “direct” and “indirect costs” associated with all project grants except for Discretionary Grants, and in very unusual circumstances, other grants as may be specified by the Foundation. This policy does not apply to unrestricted grants providing general operating support, which may be used for any purpose at the grantee’s sole discretion.

“Direct costs” are those costs *directly related to the design, planning and implementation of a particular project*. MeHAF allows the following costs directly related to the project:

- Salaries and benefits of project and administrative personnel who assist or manage;
- Subcontractors, consultants, or professional services;
- Equipment: Purchase or Maintenance
- Equipment or Facilities: Rental
- Office Supplies
- Program Materials
- Postage & Courier
- Printing & Copying
- Rent
- Stipends and Honoraria
- Telephone & Internet
- Travel: Local
- Travel: Other
- Utilities
- Other costs directly related to the project (with Foundation approval; must be included on budget form)

In some cases, the calculation of direct costs is straightforward: for example, the portion of staff FTE, expressed as a percentage of salaries and benefits, devoted to a funded project, or materials, such as pamphlets, used exclusively for a funded project. In other cases, such as telephone costs, a reasonable formula may need to be developed. For example, if an agency has five projects with roughly equal telephone usage, it would be reasonable to allocate 20% (one fifth) of telephone expenses to each project. Direct costs should be presented on the MeHAF budget form, and their rationale and method of calculation should be **explained** in the proposal in the budget narrative.

“Indirect costs” are costs which are incurred by an organization in the execution of its activities but which cannot be readily identified with a particular activity. Indirect costs include general overhead costs, such as bank, payroll processing and audit fees; liability insurance; office equipment purchase or maintenance not directly related to the project; and salaries and benefits of executive or administrative personnel who are not directly engaged in the project. Organizations may request an indirect cost rate of up to 20% of the total grant amount. This should be calculated on the MeHAF budget form by multiplying the total grant amount requested by the requested rate. As an illustrative example, for a total grant of \$25,000 up to \$5,000 of the budget may be allocated to cover indirect costs ($\$25,000 \times .20$).

Please note that the total of direct and indirect costs taken together may not exceed the maximum grant amount specified for the program. Using the above example, for a program with a maximum award amount of \$25,000, a grantee requesting the maximum of \$25,000 may allocate up to \$5,000 to cover indirect costs, leaving \$20,000 to budget for the direct costs of implementing the project.