



### New Indirect Cost Calculation Method

West Virginia State University had a new Indirect Cost rate that we have to start using for all new grant applications. It is called a **Modified Total Direct Cost** rate; the rate is **54 percent for on-campus activities** and **30 percent for off-campus activities**.

What that means is we now apply the indirect cost rate to all expenditures except: Equipment; Capital Expenditures; Patient Care Costs; Rental of Off-Site Facilities; Student Tuition and Support; and costs over the first \$25,000 of subawards. These categories are further defined as follows:

- Equipment (generally, any *one* item that costs more than \$5,000 and has a useful life of more than one year. Computers aren't equipment unless the word *Cray* is on the outside). If you have any doubts as to whether what you're planning to buy is equipment or not, contact Grants and Contracts;
- Capital expenditures (building projects involving bricks, mortar, and similar things);
- Charges for patient care (not likely here);
- Tuition remission (direct-costed expenses for tuition and fees, including graduate student health insurance, for University students);
- Rental costs of off-site facilities;
- Scholarships and fellowships (financial aid paid directly to University students, including scholarships, fellowships, stipends and dependency allowances. This does not include "conference-type" participant support costs or any disbursement of salaries and wages);
- The portion of each subaward over \$25,000 (WVSU charges its 54 percent indirect rate on the first \$25,000 of *each* subaward in *every* grant, or \$13,500).

Here is a sample budget to illustrate how the new indirect cost calculation works:

Personnel Salaries	\$ 57,290
Fringe Benefits (38%)	\$ 21,770
Equipment	\$ 21,373
Supplies	\$ 6,500
Travel	\$ 11,356
Contractual	\$ 4,500
Publications	\$ 950
<b>Total Direct Costs</b>	<b>\$123,739</b>
<b>Indirect Costs (54%)</b>	<b>\$ 55,278</b>
<b>GRANT TOTAL</b>	<b>\$179,017</b>

The **Total Direct Cost** is simply the sum of all of the cost categories. To get the **Indirect Cost**, you subtract, in this case, the Equipment line of \$21,373 to get \$102,366. This is the amount we are allowed to charge the indirect rate on. Multiply that by .54 (54%) and you get **\$55,278 for Indirect Costs** (rounded up, of course!)