**NIH TOTAL DIRECT COST VS. DIRECT COST CEILING**

*Revised March 4, 2015*

**Direct Cost (DC)**
Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

**Indirect Cost (IDC - a.k.a. Facility and Administrative Costs (F&A), Sub 9H, or Overhead)**
Costs that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular project or program.

**Total Cost (TC)**
Costs reflecting the sum total of all direct costs plus applicable indirect costs.

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TC = DC + IDC
\]

**Total Direct Cost (TDC)**
Total Direct Cost is the universal definition of DC, and a more accurate term used to describe direct costs when there is a consortium, a.k.a. subaward, in a budget. Total direct cost for a UCLA budget with a consortium is as follows:

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UCLA TDC = UCLA DC + (Consortium DC + Consortium IDC)
\]

Consortium’s TOTAL costs (TC)

**DOM DRA’s Signature Authority** is based on TDC.
- TDC can be found on page 3 of the detailed budget of S2S applications, Item G. Direct Cost.
- If the amount listed in Item G is greater than $500,000, then the proposal MUST be reviewed & submitted by OCGA.

**NIH Direct Cost Ceiling**
Some PAs/RFAs may limit the allowable budget requested by implementing a Direct Cost Ceiling. The purpose of a Direct Cost Ceiling is to encourage collaborations outside of the PI’s own Institution, and not to penalize a PI by counting the consortium’s IDC toward the ceiling maximum. Direct Cost Ceiling also applies to ALL modular grants. Thus, the DC ceiling is the sum of UCLA’s DC + all consortiums’ DC only. Consortium IDC is entirely excluded from this calculation.

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NIH DC Ceiling = UCLA DC + Consortium DC
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**Reference Material**
NIH’s [Developing Your Budget](#)
NIH’s Notice: [NOD-OD-04/040](#) – Change in Direct Cost Limitations on Solicited Applications