

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.

$$\text{TC} = \text{DC} + \text{IDC}$$

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:

$$\text{UCLA TDC} = \text{UCLA DC} + \underbrace{(\text{Consortium DC} + \text{Consortium IDC})}_{\text{Consortium's TOTAL costs (TC)}}$$

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.

$$\text{NIH DC Ceiling} = \text{UCLA DC} + \text{Consortium DC}$$

Reference Material

NIH's [Developing Your Budget](#)

NIH's Notice: [NOD-OD-04/040](#) – Change in Direct Cost Limitations on Solicited Applications