

## **The Kennedy Forum-Illinois Indirect-Cost Policy**

### **Background**

The Kennedy Forum-Illinois LLC (the “Kennedy Forum”) desires to use its funds to the maximum extent possible for direct costs in support of its mission and objectives. Accordingly, the Kennedy Forum intends, whenever possible, to limit its reimbursement of indirect costs of its grantees. In general, the term “indirect costs” is used to describe those overhead expenses of an applicant organization which are incurred as a result of a particular project (for which a grant from the Kennedy Forum is requested) but that are not easily identified with such project. More specifically, indirect costs are defined as those administrative or other expenses that are not directly allocable to a particular activity or project; rather, they are related to the applicant’s overall general operations and are shared among several projects and/or functions. Indirect costs are sometimes referred to as “overhead costs” and include such items as executive oversight, accounting, grant management, legal expenses, utilities, technology support and facility maintenance.

In an effort to simplify the Kennedy Forum’s procedures for handling requests for funding of indirect costs, the Kennedy Forum has developed guidelines to share with all applicants. The Kennedy Forum makes every effort to ensure that they are consistently and regularly applied by its personnel.

### **Kennedy Forum Payment of Direct and Indirect Costs**

The Kennedy Forum’s position is that, whenever possible, specifically allocable costs of an applicant organization’s project should be requested and justified in the proposal as direct costs, including those for dedicated ongoing project management, facilities and support. While the definition of “direct” and “indirect” costs is subject to some interpretation, the Kennedy Forum has established some basic definitions for the use of our applicants and prospective applicants, which are included in **Attachment A**.

It important to note that the Kennedy Forum does not usually pay indirect costs in the same proportion with respect to small and large grants. Actual administrative and maintenance costs do not ordinarily increase in direct proportion to the grant amount and in many cases may not increase at all. Therefore, the Kennedy Forum has found that larger grants often require payment of a considerably lesser amount of indirect costs (as a function of the total grant amount) than the amount of indirect costs which the Kennedy Forum typically pays for small grants.

### **Rates**

To the extent that indirect costs are applicable to a Kennedy Forum grant, the Kennedy Forum applies the following limitations on the portion of the grant which may be allocated to indirect costs (expressed as a percentage of the total grant amount):

- 0% for government agencies, private foundations, for profit organizations, U.S. universities and U.S. community colleges

- up to 10% for all other non-governmental organizations (NGOs), international organizations and non-U.S. universities

These rates are the *maximum* the Kennedy Forum allows under the its policy. If an applicant has an indirect-cost rate lower than the maximum provided above, the applicant should *not* increase the funding request to the maximum.

### **Additional Items**

In the grant proposal, prospective grantees must specifically address and explain their indirect-cost assumptions. This detailed discussion should be included in the applicant's budget narrative.

The Kennedy Forum acknowledges that in certain cases, it may reimburse indirect costs at higher levels than those outlined in these guidelines. For example, in some instances, the Kennedy Forum and the grantee have developed a symbiotic relationship that has resulted in the grantee being dependent on Kennedy Forum funding, particularly for indirect costs. The Kennedy Forum will give its existing grantees that have indirect-cost rates in excess of the limits additional time to comply with the policy. All other grantees must conform to this policy unless the Board of Directors of the Kennedy Forum determines otherwise, in its sole and absolute discretion.

**Attachment A**

**Direct and Indirect Cost Definitions**

<b>DIRECT COSTS</b>	<b>INDIRECT COSTS</b>
<p>1. Salaries of employees directly attributable to the execution of the project:</p> <ul style="list-style-type: none"> <li>a. Includes Project Management</li> <li>b. Includes administrative support solely dedicated to the project</li> </ul> <p>2. Fringe benefits of employees directly attributable to the execution of the project</p> <ul style="list-style-type: none"> <li>a. Includes Project Management</li> <li>b. Includes administrative support solely dedicated to the project</li> </ul> <p>3. Travel for employees directly attributable to the execution of the project</p> <p>4. Consultants whose work is directly attributable to the execution of the project</p> <p>5. Supplies directly attributable to the execution of the project</p> <p>6. Sub-awards directly attributable to the execution of the project</p> <p>7. Sub-contracts directly attributable to the execution of the project</p> <p>8. Equipment acquired for and directly attributable to the execution of the project</p> <p>9. Utilities for facilities directly attributable to the execution of the project</p> <p>10. Information technology acquired for and directly attributable to the execution of the project</p> <p>11. External legal counsel or accountants directly attributable to the project</p>	<p>1. Facilities not acquired specifically and exclusively for the project</p> <p>2. Utilities for facilities not acquired for and not directly attributable to the project</p> <p>3. Information technology equipment and support not directly attributable to the project</p> <p>4. General administrative support not directly attributable to the project. Examples are as follows:</p> <ul style="list-style-type: none"> <li>a. Executive administrators</li> <li>b. General ledger accounting</li> <li>c. Grants accounting</li> <li>d. General financial management</li> <li>e. Internal audit function</li> <li>f. IT support personnel</li> <li>g. Facilities support personnel</li> <li>h. Scientific support functions (not attributable to the project)</li> <li>i. Environment health and safety personnel</li> <li>j. Human resources</li> <li>k. Library &amp; information support</li> <li>l. Shared procurement resources</li> <li>m. General logistics support</li> <li>n. Materiel management</li> <li>o. Executive management (CEO, COO, CFO, etc.)</li> <li>p. Other shared resources not directly attributable to the project</li> <li>q. Institutional legal support</li> <li>r. Research management costs</li> </ul> <p>5. Depreciation on equipment</p> <p>6. Insurance not directly attributable to a given project</p>