

# Calculating Unrecovered IDC Cost Share

- Two types of unrecovered indirect costs may be available for cost share
  - – unrecovered on sponsor request
  - unrecovered on cost share being provided.
- **Unrecovered idc on sponsor request** may result if the sponsor is restricting idc recovery to less than the organization's approved rate. The balance of idc not allowed is forced upon the organization. Some sponsors allow recovery as cost share and some don't (Department of Education doesn't).
- **Unrecovered idc on cost share provided.** Take amount of cost share being provided – 3<sup>rd</sup> party cost share and – items any amounts that would not incur idc charge if the sponsor was providing it (this gives the cost share base). Cost share base \* negotiated rate. This gives the cost share value of the indirect costs the organization is contributing to the proposed work.
- Note: 3<sup>rd</sup> party cost share sources can also claim unrecovered idc using their negotiated rate. If they don't have a negotiated rate they can use the federal de minimis of 15% of Modified Total Direct Costs (CFR 2 part 200.414).

# Calculating Unrecovered IDC Cost Share

- **Unrecovered idc on sponsor request**

- Organization's approved idc is 52% ; Sponsor restricts rate to 25%; Results in unrecovered idc of 27%; unrecovered idc \* sponsor requested base (base is direct costs – items that don't incur charge like equipment)
- Example sponsor request base of \$75,000 \* 27% = \$20,250 cost shared idc

- **Unrecovered idc on cost share provided.**

- **Find cost share base** (amount of cost share being provided – 3<sup>rd</sup> party cost share and – items any amounts that would not incur idc charge) = cost share base
- Cost share base \* negotiated rate = cost shared indirect costs
- Example: base of \$54,000 \* idc of 52% = \$28,080 cost share idc

# Calculating Equipment Cost Share

- If equipment is a cash match proof of purchase is usually required; sponsor may also allow shipping, warranty, training, and personnel to operate.
- If equipment is on hand the sponsor will usually only allow a portion of value to be used. Norman calculation on this is  $\text{Purchase Price of Equipment} \div \text{life expectancy (usually 10 years)} = \text{depreciated value per year}$  times amount of use.
  - Be careful determining amount of use as the equipment might not be available for use on other grant work or non-grant work. Also watch for over-commitment of cost share..
  - If equipment was purchased by other grant funds there may be usage impact.

# Calculating Equipment Cost Share Example

- Equipment purchase price of \$150,000.
- Life expectancy of 10 years.
- Use on grant of 30% of time each year (may have to be logged)
- Yr 1 value \$150,000 date purchased
- Yr 2 value \$135,000
- Yr 3 value \$120,000 \* 30% = \$36,000 date used on proposed grant
- Yr 4 value \$105,000 \* 30% = \$31,500 date used on proposed grant
- Yr 5 Value \$90,000 \* 30% = \$27,000 date used on proposed grant
- Yr 6 Value \$75,000
- Yr 7 Value \$60,000
- Yr 8 Value \$45,000
- Yr 9 Value \$30,000
- Yr 10 Value \$15,000