

## **Commonwealth Fund Grantee Resources (July 2021)**

### **Indirect Cost Policy**

The Commonwealth Fund primarily supports grant projects linked to specific products and outcomes. Grant awards are based on approved budgets that reflect all direct costs, expenses that are directly attributable to a project, including project staff salary and fringe benefits, consultants, subcontractors, purchased services, project-related travel, meeting, telephone/communication, and office expenses. In addition, the Fund supports a limited amount of indirect costs, expenses that are not tracked directly to the grant project.

The Fund's indirect cost policy allows overhead to be charged at a rate up to 15 percent of total direct costs. The following items should be excluded from the direct cost base for the indirect cost calculation, if applicable:

- Consultants, contractors, and sub-awards
- Equipment and capital expenditures
- Fee-for-service charges, including data purchase
- Tuition and stipends for Commonwealth Fund-approved fellowship programs

The 15 percent allowance is intended to cover items such as rent, utilities, office furnishings and equipment, accounting/staff services, library services, liability insurance, and the time of the organization's chief executive, financial, and administrative officers. If any of these charges is included on a budget line, then the sum of that charge and the indirect charge should not exceed the 15 percent allowance.

If a subcontract budget does not include overhead expenses, the project budget may include the subcontract amount in the direct cost base for the indirect cost calculation.

This policy applies to all nonprofit organizations and does not apply to budgets from for-profit entities, private foundations, or government agencies. For these entities, Commonwealth is unable to support indirect costs due to IRS regulations.

Please contact the grants management office with any questions, [GMO@cmwf.org](mailto:GMO@cmwf.org).