

# Direct vs. Indirect Costs

## Direct Costs

Direct costs are those that can be specifically and easily identified with the grant, contract, project function, or activity and are allowable under the sponsoring organization's guidelines.

### Examples of Direct Costs:

- Salaries and wages (including vacations, holidays, sick leave, and other excused absences of employees working specifically on objectives of a grant or contract – i.e, direct labor costs)
  - Consultant services contracted to accomplish specific grant/contract objectives
  - Employee travel
  - Materials, supplies, and equipment purchased directly for use on a specific grant or contract
  - Communication costs that are identifiable with a specific award or activity
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## Indirect Costs

Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

### Examples of Indirect Costs:

- Costs associated with operating and maintaining buildings and grounds
- Administrative services
- General office supplies and equipment