

STATEWIDE PARK DEVELOPMENT AND COMMUNITY REVITALIZATION PROGRAM

INDIRECT COST RATE

INSTRUCTIONS

Introduction

INDIRECT COSTS are overhead business expenses of the grantee's fixed or ordinary operating costs (e.g., rent, mortgage payments, property taxes, utilities, office supplies). Food and beverages, fundraising, lobbying and entertainment may not be included in calculating the PROJECT'S INDIRECT COSTS. Cost must be directly related to the PROJECT'S specific direct cost and scope of work. INDIRECT COSTS are an allowable expense for Proposition 4 GRANT PROJECTS, but they are not required.

There are multiple accepted ways to calculate INDIRECT COSTS. The chosen method must be supported by an accounting methodology following Generally Accepted Accounting Principles (GAAP). Calculate the INDIRECT COST amount budgeted for the GRANT on the Grant Scope/Cost Estimate Form.

- INDIRECT COST rate is a percentage of the PROJECT'S direct costs.
- The PROJECT'S INDIRECT COST rate is applied to certain types of direct costs, called the cost base.
- APPLICANT will select one INDIRECT COST rate for the life of the GRANT PERFORMANCE PERIOD.
- The INDIRECT COST Rate Form is a required document and must be submitted as part of the APPLICATION PACKET.
- The APPLICANT must maintain records to support the INDIRECT COST rate and in the event that the PROJECT is audited.

Cost Base Example – Modified Total Direct Costs

An example of a cost base is the Modified Total Direct Costs ("MTDC") used in federal grants (see 2 CFR 200.1). The chart below shows direct costs that are included and excluded in the MTDC base.

<u>Included Direct Costs</u>	<u>Excluded Direct Costs</u>
• Direct salaries and wages • Applicable fringe benefits • Materials and supplies • Services • Travel • Up to the first \$50,000 of each subaward.	• Equipment/fixtures • Capital expenditures (Construction/Acquisition) • Charges for patient care • Rental costs • Tuition remission • Scholarships and fellowships • Participant support costs • Portion of subawards in excess of \$50,000

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INDIRECT COST RATE

GRANTEE
PROJECT NAME

Select the INDIRECT COST rate to use for the proposed Proposition 4 (Climate Bond) GRANT PROJECT by checking the box next to one of the options listed below. Complete the information under that option and submit the required supporting documentation as part of the APPLICATION PACKET.

☐ **1. No Indirect Cost Rate**

APPLICANT will not be using an INDIRECT COST rate for the Proposition 4 (Climate Bond) GRANT PROJECT.

☐ **2. Federal Negotiated Indirect Cost Rate Agreement (NICRA)**

A NICRA is an agreement with a federal agency that establishes how the organization will calculate INDIRECT COST on its federal grants. See [2 CFR 200.414\(c\)](#). NICRAs establish the cost base, INDIRECT COST rate, and the applicable period for calculating INDIRECT COSTS. NICRAs are usually effective for two to four years. If an APPLICANT has an active approved NICRA and would like to use its INDIRECT COST rate and base, the APPLICANT must submit a copy of the NICRA letter with the APPLICATION PACKET.

Cost Basis: Check each of the allowable costs in the cost base outlined in the NICRA letter:

- ☐ Salaries & Wages including Fringe Benefits
- ☐ Salaries & Wages excluding Fringe Benefits
- ☐ Salaries & Wages including Vacation, Holiday, Sick Pay, and Other Paid Absences (i.e. a subset of fringe benefits)
- ☐ Materials & Supplies
- ☐ Services (“vendors” or “subcontractors”)
- ☐ Travel
- ☐ Up to the first \$50,000 for each subaward (“subgrantee” or “subrecipient”)
- ☐ Other: _____

☐ **3. Federal De Minimis Indirect Cost Rate**

If an APPLICANT does not have a NICRA, the APPLICANT may choose to use the federal de minimis INDIRECT COST rate. See [2 CFR 200.414\(f\)](#). The current de minimis rate is **up to 15% of the project's modified total direct costs (MTDC)** (See MTDC cost base explanation on page 1). The APPLICANT may choose the appropriate INDIRECT COST rate up to this limit. The de minimis rate does not require documentation to justify its use. However, if audited, the APPLICANT must be able to show that the INDIRECT COSTS are equal to or greater than the amount charged using the de minimis rate.

☐ 4. Indirect Cost Rate with Another State Agency

An APPLICANT may choose to use an INDIRECT COST rate negotiated with another state agency within the last five years. The APPLICANT must complete the information below and provide documentation of the negotiated rate with the APPLICATION PACKET.

State Agency: _____

Indirect Cost Rate: _____

Cost Basis: Check the direct cost categories to which the rate can be applied:

- ☐ Salaries & Wages including Fringe Benefits
- ☐ Salaries & Wages excluding Fringe Benefits
- ☐ Salaries & Wages including Vacation, Holiday, Sick Pay, and Other Paid Absences (i.e. a subset of fringe benefits)
- ☐ Materials & Supplies
- ☐ Services ("vendors" or "subcontractors")
- ☐ Travel
- ☐ Capital Expenditures
- ☐ Up to the first \$50,000 for each subaward ("subgrantee" or "subrecipient")
- ☐ Other: _____

☐ 5. Applicant Proposed Indirect Cost Rate

If an APPLICANT does not have an existing federal or state rate, the APPLICANT may propose an INDIRECT COST rate. The INDIRECT COST rate must be calculated by using an accounting method following Generally Accepted Accounting Principles (GAAP). If audited, the APPLICANT must provide all documentation to justify the INDIRECT COST rate calculation. The APPLICANT must complete the information below.

Proposed Indirect Cost Rate: _____

Describe method used for indirect cost rate calculation: _____

Cost Basis: Check the direct costs categories to which the rate can be applied:

- ☐ Salaries & Wages including Fringe Benefits
- ☐ Salaries & Wages excluding Fringe Benefits
- ☐ Salaries & Wages including Vacation, Holiday, Sick Pay, and Other Paid Absences (i.e. a subset of fringe benefits)
- ☐ Materials & Supplies
- ☐ Services
- ☐ Travel
- ☐ Capital Expenditures
- ☐ Up to the first \$50,000 for each subaward ("subgrantee" or "subrecipient")
- ☐ Other: _____

AUTHORIZED REPRESENTATIVE SIGNATURE

PRINTED NAME AND TITLE

DATE