



United States Department of Justice

Office on Violence Against Women

Working Together to End the Violence

Presentation on Indirect Costs for STOP Administrators

*Grants Financial Management Division
December 2015*

OVW

Topics of Discussion

- Federal Cost Categories
- Direct versus Indirect Costs
- Charging Costs to the Award
- Indirect Cost Rate Agreement
- De Minimis Rate
- Directly Allocate Costs

Federal Cost Categories

Direct Costs

- Personnel
- Fringe Benefits
- Travel
- Equipment
- Supplies
- Contracts/Consultants
- Other Costs

Indirect Costs

TOTAL COSTS

Direct versus Indirect

Direct Costs are:

- Identified specifically with a particular project or activity
- Directly assigned to activities easily and with a high degree of accuracy
- Some examples include:
 - Staff time and benefits for work on direct program activities; charges based on records that accurately reflect work performed
 - Travel for award related activities/training
 - Supplies directly related to award activities

Direct versus Indirect

Indirect Costs are:

- Costs that benefit more than one activity
- Common or joint purpose costs
- Not readily assignable to a specific project or activity
- Some examples include:
 - Cost of operating and maintaining facilities
 - General administrative and general expenses such as salaries and related expenses of executive officers, personnel administration, and accounting

Charging Costs to the Award

1. Recover Indirect Costs:

- Negotiated Indirect Cost Rate Agreement
- De Minimis Rate

2. Directly Allocate Costs

Indirect Cost Rate Agreements

Indirect Cost Rate Agreement

Indirect Cost Rate:

- A percentage used to determine the proportion of indirect costs that are attributed to each program

Indirect Cost Rate Proposal:

- Documentation prepared by the recipient and submitted to their cognizant agency to initiate the request for negotiating an Indirect Cost Rate Agreement
- See 2 CFR Part 200 – Appendix III through Appendix VII

Updates

Changes with Uniform Guidance:

- Negotiated rates must be accepted by all Federal agencies and pass-through entities
 - See 2 CFR 200.414(c)
- Negotiated rates can be extended for up to 4 years

Types of Rates

Final Rate:

- Rate applicable to a specific time period based on the financial statement from this period
- Final rates are not adjusted; they are final

Provisional Rate:

- Temporary indirect cost rate used until a “Final” rate is established for the period specified in the agreement

Predetermined:

- Rate applied to a specific current or future time period
- Generally not adjusted after the fact

Fixed Carry Forward:

- Rate applied to a specific current or future time period
- Based on estimated costs for a future time period
- Generally adjusted after actual costs are known

Types of Bases

The indirect cost rate is computed on the "Base" specified in the rate agreement

Various types of bases you may see:

- **Modified Total Direct Costs (MTDC):**
 - Includes: All direct salaries/wages, applicable fringe, materials and supplies, services, travel, and up to the first \$25,000 of each subaward
 - Excludes: Equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000
- **Salaries and wages including fringe benefits**
- **Salaries and wages (excluding fringe benefits)**

Indirect Cost Rate Agreement

NEGOTIATED INDIRECT COST RATE AGREEMENT NONPROFIT ORGANIZATION

DUNS Number: 123456789

DATE: September 12, 2015

DEPARTMENT/AGENCY:

XYZ Office
123 Maple Avenue
Alexandria, VA 22152

FILING REF: The preceding agreement was dated November 15, 2014

The rates approved in this Agreement are for use on grants, contracts, and other agreements with in the Federal Government to OMB Circular 2 CFR Part 230 applies, subject to the conditions in Section II, A, below. The rates were negotiated by XYZ Office and the Department of Justice, Office on Violence Against Women with the authority contained in Attachment A, Section E.2 (a), of the Circular.

SECTION I: RATES

TYPE	EFFECTIVE PERIOD		RATE	LOCATION	APPLICABLE TO
	FROM	TO			
Final	01/01/2013	12/31/2013	22.15%	ALL	All Programs
Final	01/01/2014	12/31/2014	23.20%	ALL	All Programs
Provisional	01/01/2015	12/31/2015	23.20%	ALL	All Programs

BASE:

Modified Total Direct Costs (MTDC). MTDC is total direct costs less capitalized equipment, subcontracts/subawards in excess of \$25,000, and participant support costs.

Verify the name of the organization matches the subrecipient

Final rate of 22.15% can be charged to the base of MTDC for the period of 1/1/2013-12/31/2013

Provisional rate of 23.20% can be charged to the base of MTDC for the period of 1/1/2015-12/31/2015

Verify that the budget is using the appropriate base that is listed in the rate agreement, because there are various different types of bases. Some other bases include "salaries, wages and fringe benefits" or "salaries and wages only (excluding fringe benefits)" and various others

Sample Budget with ICR Agreement

SAMPLE BUDGET using an INDIRECT COST RATE AGREEMENT

A. PERSONNEL

	Salary	x (FTE)	Total	
Attorney	\$61,250	0.10	\$6,125	
Program Coordinator	\$55,200	0.10	\$5,520	
Shelter Advocate	\$42,115	0.75	\$31,586	
	\$158,565	0.95	Total Salaries	\$43,231

Attorney- Responsible for providing legal services for victims of domestic violence

Program Coordinator- Responsible for coordinating outreach activities for awareness month and training events

Shelter Advocate - Responsible for providing direct assistance and coordination for clients; processes shelter intake and resource assessment

B. FRINGE BENEFITS

Fringe benefits are comprised of payroll taxes, health insurance, retirement, dental/vision, disability, unemployment, workers compensation insurance and life insurance for a total of 27.3%.

		Fringe Rate		
Attorney	\$6,125	27.30%	\$1,672	
Program Coordinator	\$5,520	27.30%	\$1,507	
Shelter Advocate	\$31,586	27.30%	\$8,623	
			Total Fringe Benefits	\$11,802

C. TRAVEL

Staff travel for direct program related trainings; staff uses organization's documented travel policies for all travel

	Cost	# Attending	# Visits	# Days	Total
Airline-tickets	\$450	3	2	1	\$2,700
Baggage Fee (rt)	\$50	3	2	1	\$300
Per Diem	\$71	3	2	3	\$1,278
Taxi	\$50	3	2	1	\$300
Hotel	\$195	3	2	3	\$3,510
				Total Travel	\$8,088

Sample Budget with ICR Agreement

D. EQUIPMENT					\$0
E. SUPPLIES					
	Cost	Months			Total
Direct Program Supplies: Costs associated with the purchase of brochures and fliers for the direct implementation of grant objectives and deliverables.	\$ 85	12			\$1,020
Cost associated with agency supplies are prorated based on total program fte/total agency fte. The current method of allocating costs being used in the budget is for budgetary purposes and actual direct costs will be charged based on an allocation method and each month it will be adjusted using the actual percentage of costs directly related to the grant. Computation is 0.95 total program FTE / 12 total agency FTE = 7.9%	\$ 520	12	7.9%		\$493
				Total Supplies	\$1,513
F. CONSTRUCTION					\$0
G. CONSULTANTS/CONTRACTS					\$0

Sample Budget with ICR Agreement

H. OTHER COSTS

Note: All costs that are allocated include budgeted amount for budgetary purposes only; actual direct costs will be charged based on an allocation and each month it will be adjusted using the actual percentage of costs directly related to the grant.

OCCUPANCY

	Office Space sqft	Cost per sqft per month	Total Months	FTE	Total
Attorney	110	\$2.10	12	0.10	\$277.20
Program Coordinator	100	\$2.10	12	0.10	\$252.00
Shelter Advocate	90	\$2.10	12	0.75	\$1,701.00
Rent: prorated based on space occupied by staff.					
				Total Rent	\$2,230

COMMUNICATIONS

	Cost	Months	Multiplier	Total
Cost associated with local and long distance telephone calls, internet charges, and other similar expenses. Computation is 0.95 total program FTE / 12 total agency FTE = 7.9%	\$ 1,562	12	7.9%	\$1,481

PROFESSIONAL FEES

	Cost	Multiplier	Total
Cost associated with conducting annual audit A-133; prorated based on organization revenue. This award represents 18% of our agency total revenue	\$ 12,500	18.00%	\$2,250

PARTICIPANT SUPPORT COSTS

	Cost/day	Total Participants	Total
Travel costs for selected law enforcement in county to attend training event; participants will receive lodging reimbursement at GSA Locality per diem rate for destination for 3 nights lodging (\$128/night) and per diem (\$69/day) for a total of \$591/person	\$591	15	\$8,865

PRINTING AND REPRODUCTION

	Cost	Multiplier	Total
Costs associated with printing of direct program related materials.	\$ 50	12	\$600
			Total Other Costs
			\$15,426

Sample Budget with ICR Agreement

INDIRECT COSTS										\$16,517
Current provisional rate of 23.2% is applied to the budget; provisional rate will only be used for the period specified in the negotiated agreement and when final rate is negotiated we will submit a revised budget to reflect the updated figure										
MTDC = \$71,195 (Base includes \$43,231 Personnel; \$11,802 Fringe; \$8,088 Travel; \$1,513 Supplies; \$6,561 Other Costs excluding participant support costs)										
Budget summary										
A. Personnel										\$43,231
B. Fringe Benefits										\$11,802
C. Travel										\$8,088
D. Equipment										\$0
E. Supplies										\$1,513
F. Construction										\$0
G. Consultants and Contracts										\$0
H. Other Costs										\$15,426
Total Direct Costs										\$80,060
I. Indirect Costs										\$16,517
TOTAL PROJECT COSTS										\$96,577
Federal Share Requested										\$96,577
Non-Federal (Match) Amount										\$0

De Minimis Rate

De Minimis Rate

- Can be used by recipients that have NEVER had a Federally approved Indirect Cost Rate Agreement
- Subrecipients (not contractors) use the same guidelines as recipients
- Charge 10% of MTDC without negotiating the rate
- Charge costs consistently as direct/indirect for all awards
- Once de minimis rate is elected, must be used consistently for all awards until an Indirect Cost Rate is negotiated
- May be used indefinitely

Sample Budget with De Minimis Rate

SAMPLE BUDGET using the DE MINIMIS RATE

A. PERSONNEL

	Salary	x (FTE)	Total	
Project Director	\$53,960	0.35	\$18,886	
Outreach Coordinator and Advocate	\$49,830	0.45	\$22,424	
	\$103,790	0.80	Total Salaries	\$41,310

Project Director will work with partners and staff to develop and public education campaigns

Outreach Coordinator and Advocate will develop and implement the public education campaigns and work with community leaders, partners, and staff to address domestic violence, dating violence, sexual assault, and stalking prevention strategies

B. FRINGE BENEFITS

Fringe benefits are comprised of payroll taxes, health insurance, retirement, dental/vision, disability, unemployment, workers compensation insurance and life insurance for a total of 23.5%.

		Fringe Rate		
Project Director	\$18,886	23.50%	\$4,438	
Outreach Coordinator and Advocate	\$22,424	23.50%	\$5,270	
			Total Fringe Benefits	\$9,708

C. TRAVEL

Staff travel for direct program related outreach and training events; staff uses organization's documented travel policies for all travel

	Cost	# Attending	# Visits	# Days	Total
Airline-tickets	\$450	2	3	1	\$2,700
Baggage Fee (rt)	\$50	2	3	1	\$300
Per Diem	\$36	2	3	3	\$648
Taxi	\$50	2	3	2	\$600
Hotel	\$125	2	3	3	\$2,250
				Total Travel	\$6,498

Sample Budget with De Minimis Rate

D. EQUIPMENT					\$0
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E. SUPPLIES					
	Cost	Months	FTE		Total
Direct Program Supplies: Costs associated with the purchase of outreach materials such as brochures and fliers for the direct implementation of grant objectives and deliverables.	\$ 112	12			\$1,344
Cost associated with agency supplies are prorated based on total program fte/total agency fte. The current method of allocating costs being used in the budget is for budgetary purposes and actual direct costs will be charged based on an allocation method and each month it will be adjusted using the actual percentage of costs directly related to the grant. Computation is 0.80 total program FTE / 8 total agency FTE = 10%	\$ 392	12	10.0%		\$470
				Total Supplies	\$1,814
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F. CONSTRUCTION					\$0
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G. CONSULTANTS/CONTRACTS					\$0

Sample Budget with De Minimis Rate

H. OTHER COSTS					
OCCUPANCY					
	Office Space sqft	Cost per sqft per month	Total Months	FTE	Total
Project Director	125	\$1.95	12	0.35	\$1,023.75
Outreach Coordinator and Advocate	110	\$1.95	12	0.45	\$1,158.30
Rent: based on direct space occupied by staff					
				Total Rent	\$2,182
PARTICIPANT SUPPORT COSTS					
	Cost/day	Total Participants			Total
Travel costs for selected judges in county to attend training event; participants will receive lodging reimbursement at GSA Locality per diem rate for destination for 2 nights lodging (\$97/night) and per diem (\$59/day) for a total of \$312/person	\$312	10			\$3,120
PRINTING AND REPRODUCTION					
	Cost	Months	Multiplier		Total
Costs associated with printing of general materials. Computation is 0.80 total program FTE / 8 total agency FTE = 10%	\$ 595	12	10.00%		\$714
				Total Other Costs	\$6,016
INDIRECT COSTS					
Electing to use the de minimis rate of 10% of \$62,226 MTDC				Total Indirect	\$6,223
MTDC Base = \$62,226 for Personnel \$41,310 + Fringe \$9,708 + Travel \$6,498 + Supplies \$1,814 + Other \$2,896 (excluding participant support costs of \$3,120)					

Sample Budget with De Minimis Rate

Budget summary	
A. Personnel	\$41,310
B. Fringe Benefits	\$9,708
C. Travel	\$6,498
D. Equipment	\$0
E. Supplies	\$1,814
F. Construction	\$0
G. Consultants and Contracts	\$0
H. Other Costs	\$6,016
Total Direct Costs	\$65,346
I. Indirect Costs	\$6,223
TOTAL PROJECT COSTS	\$71,568
Federal Share Requested	\$71,568
Non-Federal (Match) Amount	\$0

Directly Allocate Costs

Directly Allocate Costs

- Documented sophisticated method for allocating shared costs
- Demonstrates an equitable distribution amongst all activities
- Charge costs consistently for all activities
- Method is used consistently, regardless of the type of funding
- Budgeted figures are just for budgetary purposes; costs should be charged based on actual costs incurred

Determining Distribution Methods

Method for distributing shared costs will vary

- For each shared cost, identify the **major factor** that increases or decreases the cost
 - E.g., would the usage, total revenue, etc. increase or decrease the shared cost?
- Distribute each cost based on the cost factor identified above
 - If usage drives the cost, like with office supplies, an FTE allocation may be appropriate
 - If revenue drives the cost, like you may see with an A-133 audit, then the percentage of revenue may be appropriate

Determining Allocation Methods

- Ensure all staff who receive the benefit of the cost bear an equal portion of the cost
 - E.g., when using an FTE allocation for office supplies, if an organization has 10 staff and all staff use the office supplies, and 2.5FTE work on the grant, then the computation is: $(2.5 / 10) * 100 = 25\%$
- Charging Rent requires an additional step to account for space occupied by staff
 - Determine space occupied by program staff
 - Compute cost by multiplying for each individual: total office sqft X cost per sqft X percentage of time on grant

Reminder: All staff time charged to the award should be based on records that accurately reflect the work performed

Sample Budget (Page 1)

SAMPLE BUDGET

A. PERSONNEL

	Salary	x (FTE)	Total	
Domestic Violence, Disability Compliance and Later in Life Specialist	\$44,625	0.20	\$8,925	
Training & TA Specialist	\$57,750	0.15	\$8,663	
Domestic Violence Shelter Advocate	\$51,302	0.80	\$41,042	
	\$153,677	1.15	Total Salaries	\$58,629

Domestic Violence, Disability Compliance and Later in Life Specialist- Responsible for onsite technical assistance and trainings to centers, on-site trainings on emerging issues faced by survivors of domestic violence

Training, TA and Administration Coordinator- Responsible for onsite technical assistance and trainings to centers, on-site trainings on emerging issues faced by survivors of domestic violence, trainings on increasing accessibility of participants

Domestic Violence Advocate - Responsible for providing direct assistance and coordination for clients; processes shelter intake and resource assessment

B. FRINGE BENEFITS

Fringe benefits are comprised of payroll taxes, health insurance, retirement, dental/vision, disability, unemployment, workers compensation insurance and life insurance for a total of 28%.

		Fringe Rate		
Domestic Violence, Disability Compliance and Later in Life Specialist	\$8,925	28.00%	\$2,499	
Training & TA Specialist	\$8,663	28.00%	\$2,426	
Domestic Violence Shelter Advocate	\$41,042	28.00%	\$11,492	
			Total Fringe Benefits	\$16,416

C. TRAVEL

Staff travel for direct program related trainings; staff uses organization's documented travel policies for all travel

	Cost	# Attending	# Visits	# Days	Total
Airline-tickets	\$450	3	1	1	\$1,350
Baggage Fee (rt)	\$50	3	1	1	\$150
Per Diem	\$36	3	1	3	\$324
Taxi	\$50	3	1	2	\$300
Hotel	\$125	3	1	3	\$1,125
				Total Travel	\$3,249

Sample Budget (Page 2)

D. EQUIPMENT					\$0
E. SUPPLIES					
	Cost	Months			Total
Direct Program Supplies: Costs associated with the purchase of brochures and fliers for the direct implementation of grant objectives and deliverables.	\$ 56	12			\$672
Cost associated with agency supplies are prorated based on total program fte/total agency fte. The current method of allocating costs being used in the budget is for budgetary purposes and actual direct costs will be charged based on an allocation method and each month it will be adjusted using the actual percentage of costs directly related to the grant. Computation is 1.15 total program FTE / 10 total agency FTE = 11.5%	\$ 475	12	11.5%		\$656
				Total Supplies	\$1,328
F. CONSTRUCTION					\$0
G. CONSULTANTS/CONTRACTS					\$0

Sample Budget (Page 3)

H. OTHER COSTS

Note: All costs that are allocated include budgeted amount for budgetary purposes only; actual direct costs will be charged based on an allocation and each month it will be adjusted using the actual percentage of costs directly related to the grant.

RENT

	Office Space sqft	Cost per sqft per month	Total Months	FTE	Total
Domestic Violence, Disability Compliance and Later in Life Specialist	100	\$2.50	12	0.20	\$600.00
Training & TA Specialist	150	\$2.50	12	0.15	\$675.00
Domestic Violence Shelter Advocate	110	\$2.50	12	0.80	\$2,640.00
Rent: prorated based on space occupied by staff.					
				Total Rent	\$3,915

COMMUNICATIONS

	Cost	Months	Multiplier	Total
Cost associated with local and long distance telephone calls, internet charges, and other similar expenses. Allocation computation is 1.15 total program FTE / 10 total agency FTE = 11.5%	\$ 1,562	12	11.5%	\$2,156

PROFESSIONAL FEES

	Cost	Multiplier	Total
Cost associated with conducting annual audit A-133; prorated based on organization revenue. This award represents 15% of our agency total revenue	\$ 15,500	15.00%	\$2,325

PRINTING AND REPRODUCTION

	Cost	Multiplier	Total
Costs associated with printing of direct program related materials.	\$ 25	12	\$300

Total Other Costs \$8,696

INDIRECT COSTS

\$0

Sample Budget (Page 4)

Budget summary	
A. Personnel	\$58,629
B. Fringe Benefits	\$16,416
C. Travel	\$3,249
D. Equipment	\$0
E. Supplies	\$1,328
F. Construction	\$0
G. Consultants and Contracts	\$0
H. Other Costs	\$8,696
Total Direct Costs	\$88,317
I. Indirect Costs	\$0
TOTAL PROJECT COSTS	\$88,317
Federal Share Requested	\$88,317
Non-Federal (Match) Amount	\$0