



Indirect Cost Rate

Adult Reentry Grant



WHAT ARE INDIRECT COSTS?

Direct Project Costs

Allowable costs that can be directly associated to a particular grant activity and accounted for.

Indirect Project Costs

Shared costs that cannot be directly assigned to a particular activity but are necessary to the operation of the organization and the performance of the project. Examples of indirect costs include utilities and rent expense, health insurance, equipment depreciation, clerical and managerial salaries, human resources, accounting and legal fees, office, and cleaning supplies.

TYPES OF ALLOWABLE RATES

◆ Negotiated Rate



This rate is only applicable if an organization has a **federally approved** rate. It is capped at **20%** of the total direct costs.

◆ 15% IDC Rate



This rate is applicable if an organization **does not have** a federally approved rate. It is up to **15%** of the total direct costs.

WHICH INDIRECT COST RATE?

- If your organization has a Federally Approved Negotiated Rate, you MUST adhere to the following:
 - Your organization will need to submit a Negotiated Indirect Cost Rate Agreement (NICR) showing the rate and its parameters.
 - It is the responsibility of your organization to keep BSCC up to date on any changes made to this rate.
 - The rate cannot exceed 20% of the total direct costs.
 - If your federal rate is less than 15%, you must still adhere to that rate.
- If you do not have a Federally Approved Negotiated Rate, you may claim up to 15% of Indirect Costs.

BUDGETED INDIRECT COSTS

Your organization will use the Indirect Cost Rate that was selected in your budget:

In your application, you submitted a Project Budget that included a narrative of budgeted costs for your program. One of these sections was the indirect cost rate. This rate is documented in your Grant Agreement and can be referenced along with your budget in your Invoice Workbook.

9. Indirect Costs	
For this grant program, indirect costs may be charged using only ONE of the two options below:	
• If the applicant does not have a federally approved indirect cost rate, may claim indirect costs not to exceed 15 percent (15%) of the total direct costs.	
• If the applicant has a federally approved indirect cost rate, may claim indirect costs up to the organization's federally approved indirect cost rate, not to exceed 20 percent (20%) of the total direct costs.	

REQUIRED DOCUMENTATION FOR INDIRECT COSTS

Things to remember when submitting invoices that contain indirect cost expenses:

- Always maintain current Federally Approved Indirect Cost Rate approval on file (if applicable).
- Indirect costs on an invoice must use the indirect cost rate listed in the budget.
- When requesting reimbursement, the indirect cost rate is applied to the amount that was expended on the invoice, not the amount that was originally budgeted.
- All costs for those claiming the 15% IDC Rate must be supported by accounting records (e.g., invoices, purchase orders and canceled checks or other records supporting payments), that show actual expenses.

DOCUMENTATION TO SUBMIT IN A DESK REVIEW

- When claiming indirect costs on an invoice, you must provide the rate used. You should list out the costs associated with this total with applicable breakdowns.
- When providing documentation for a desk review, you must submit a single page document in your desk review packet that provides the calculation for the amount you are claiming.
- If using the 15% IDC Rate, this page will also need to list out the indirect costs that are being claimed with a short description and breakdown of costs. A statement simply reiterating that your organization is claiming 15% is not sufficient. The invoice must list out actual expenses for this category (i.e., overhead costs, utilities, admin staff, etc.)
- Both the invoice and desk review are stand-alone documents.

SUMMARY

- Two types of Indirect Cost Rates for ARG – up to 20% (federal agreement required) or 15%
- Follow the rate that is in your budget, which is located in your Invoice Workbook
- Keep all documentation for Indirect Cost expenditures on file for CMV time
- When submitting invoices and desk reviews, provide a breakdown of calculations to show how you got to the total you are claiming
- ALWAYS make sure BSCC has your up-to-date NICR on file– THIS IS YOUR RESPONSIBILITY
- Review your Grant Administration Guide and budget when submitting invoices and desk reviews!



Questions?

