INDIRECT COST RATES GUIDELINES (Revised February 2025)

Indirect costs may be charged to the federal portion of the award only if:

a) The subrecipient has a current (unexpired), approved negotiated indirect cost rate; or
b) The subrecipient that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to fifteen (15) percent of modified total direct costs (MTDC) as described in the 2 CFR Part 200.414(f).

Indirect costs are those costs that are not classified as direct and cannot be easily identified to a specific project, but identified with two or more final cost objectives. There are three (3) types of indirect costs:

1. Fringe services or benefits provided to employees, e.g., health insurance, payroll taxes, pension contributions, paid absences, etc. (**Note:** Fringe benefits may be applied to direct salaries charged to projects either through a fringe benefit rate or as part of an overhead/indirect cost rate. Therefore, fringe benefits treated as indirect costs should not be included as a direct cost in the "Personnel" category of the subgrant application budget.)
2. Overhead costs associated with the performance of a project, e.g., utility costs (rent, heat, electricity, etc.), janitorial services, landscaping costs, copier maintenance, Internet services, etc.
3. Indirect costs associated with the overall management of an organization, e.g., Executive Directors' salaries, personnel department costs, accounting department costs, indirect supplies, legal fees, etc.

Note: All costs utilized as indirect costs must be adequately documented throughout the project period and made available to LCLE and/or any federal authorized representative if a request is made to examine all paper or electronic records related to these costs.

Note: ***Subgrantees may count only unrecovered indirect costs as project match and, may do so only with prior approval of the LCLE.*** Unrecovered indirect costs are the difference between the amount of indirect costs charged to an award and the amount that ***could*** have been charged to the award under the subrecipient's indirect cost rate. This includes indirect costs associated with matching funds. For example, a subrecipient that budgets the salary of a full-time employee as match may also include in that match amount the indirect costs associated with that employee's salary, provided that those indirect costs are not recovered elsewhere.

To calculate the Modified Total Direct Costs (MTDC), the Indirect Cost Worksheet must be used. When entering the amounts of each budget category, enter only the amount paid with FEDERAL dollars. The example below shows a budget using personnel, supplies and operating expenses, and consultants. Please note the example below: The federal amounts to be entered on the worksheet are the totals budgeted for personnel, supplies and operating expenses, and consultants. (Equipment costs not allowable on this worksheet.)

1. Itemize the Budget Category expenditures.
(Verify that the Total Amount equals the Calculated Paid Amount and these totals must equal the Budget Section totals.)

ID	Budget Category	Total Amount	Amount Paid with Federal Dollars	Amount Paid with Cash Match	Amount Paid with In-Kind Match	Calculated Paid Amounts
1.1	Personnel	238,900	192,975	45,925	0	238,900
1.2	Employee Benefits	41,990	32,503	9,487	0	41,990
1.3	Travel (including Training)	672	672	0	0	672
1.4	Equipment	1,000	1,000	0	0	1,000
1.5	Supplies & Operating Expenses	37,524	28,843	0	8,681	37,524
1.6	Consultants	377	377	0	0	377
Total: Σ		320,463	256,370	55,412	8,681	320,463

Add Row

INDIRECT COST WORKSHEET
Modified Total Direct Costs (MTDC)
Enter Only Federal Funds in Budgeted Categories
Do Not Include Match Amounts

Personnel	$192,975
Employee Benefits	$32,503
Travel	$672
Supplies & Operating Expenses **(Do not include indirect costs.)**	$28,843
Consultants	$377
Total Budget:	**$255,370**
Modified Total Direct Costs (MTDC)	
Indirect Cost Rate	**15.0000%**
Enter percentage as a decimal: e.g., **.04, .07, .15, .35, .46**, etc. Decimaled percentage will autocalculate for you when determining the final allowable indirect cost total.	
Allowable Indirect Cost Total:	**$38,306**
Modified Direct Cost Total (MDTC):	**$217,065**
Please list the types of costs you are including as indirect costs for this project.	
Please Note: Costs of equipment budgeted for this project is not allowed when factoring a total for indirect costs	
	Effective February 2025

Enter the federal amounts in each budget category.

Divide the modified total costs by .0000% (ID cost percentage). The result of this calculation will be:

the dollar amount of allowable indirect cost total

And

the dollar amount of the modified direct cost total.