

Guidance on Using an Administrative Allocation, Indirect Cost Rate, or De Minimis Rate

Administrative Allocations

Administrative Allocations must be used consistently across all programs, both federal and non-federal

Cost Allocation Plans are recommended to ensure that federal and non-federal funding are charged their fair share of administrative costs, up to the administrative limit of each grant. Any allocations above the administrative limit of each grant would be covered by corporate/unrestricted funds.

Administrative Costs that can be directly linked to a funding source may be charged directly. If these costs are not individually identifiable to a specific funding source, they may be charged using an Indirect Cost Rate, De Minimis Rate, or a Cost Allocation Plan.

Indirect Cost Rate (ICR)

Must be approved by a Federal Cognizant Agency (e.g., Health and Human Services, Department of Labor).

Once approved, an ICR must be used agency wide across both federal and non-federal sources on all eligible costs and budget line items (including match).

When the ICR was calculated, if administrative costs were included (all, or specifically identified – for example, an accountant included in the MTDC), they may NOT be directly charged.

De Minimis Rate, 10%

Must be approved by HUD via CSB.

Once approved, the De Minimis Rate must be used agency wide across both federal and non-federal sources on all eligible costs and budget line items (including match).

The basis of allocation for de minimis indirect costs must be modified total direct costs (MTDC).

De Minimis costs must be applied to all costs and budget lines INCLUDING administrative costs.

In order to use the 10% De Minimis Rate, the agency must not have had a previous ICR.

***Both Indirect Cost Rate and the De Minimis Rate have costs that must be excluded from the MTDC base. ***

Indirect Cost Rate and De Minimis Rate Exclusions

Generally, any contracts (including MOUs), client related expenses, and contracted service including:

- Payroll software
- Benefit administration by a third-party administrator
- Insurance
- Rent (client or office space)
- **Work equity used to pay client rent**
- Rent application fees
- Security deposits
- Utility Assistance
- Property Damage
- Moving costs
- Mental health services
- Food (this does not apply to food for clients in Emergency Shelter programs)
- Transportation (client transportation including bus passes taxis, ride share)
- Anything related to HMIS
- **Equipment/Furnishings (e.g., desk, office chair, and like items)**
- **Licenses for technology with reoccurring billing (e.g., Microsoft, LinkedIn Premium, Indeed, and like items)**
- Written contracts for services (e.g., copier, postage machine, payroll processing)
- Routine services that originally required the entity's approval (e.g., phone, insurance, etc.)
- This does not apply to credit cards or buy now/pay later accounts.

Items other than salary and fringe that may be included in the MTDC (this is not an all-inclusive list, please ask if you have additional questions):

- **Background checks for new program hires (only if consistently charged for specific staff positions)**
- **"As needed" program staff job postings with a one-time cost**
- **Staff travel for grant related purposes (except when transporting a client). If your agency makes the business decision to include staff travel in the indirect cost rate, CSB recommends having a distinct GL code for staff travel and client transportation.**
- **Maintenance costs (when staff completed the work, hiring a plumber would NOT be eligible since it's a contract) and maintenance staff travel.**
- **Food related to emergency shelter operations**
- **Consumable supplies including:**
 - **Computers, printers, and similar equipment less than \$5,000 per unit**

- Office supplies (e.g., pens, paper, notebooks, keyboards, headphones, cords/adapters, monitor stands)
- Cleaning supplies
- First-aid supplies

If any costs in the ineligible or eligible sections above are incurred for administrative staff, the costs must be classified as administrative costs.

Recommendation: To ensure eligibility, CSB recommends using an ICR or De Minimis Rate on things that can be included in the MTDC (e.g., staff time and fringes). While other items are eligible to be included in these calculations on invoices, it must be undebatable that the cost is directly related to carrying out the program. For example, staff mileage for travel can be included, but mileage related to client transportation would be excluded from the MTDC base. ICR or De Minimis Rates **must** be used consistently across all programs.