



# SANTA ROSA COUNTY BOARD OF COMMISSIONERS

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## **MEMORANDUM**

TO: Tony Gomillion, County Administrator

FROM: Erica Grancagnolo, Grants Manager

THROUGH: Sheila Fitzgerald, Grants and Special Projects Director

DATE: February 4, 2016

RE: 2CFR200 Federal Grants Management Indirect Cost Rate Agreement

## **RECOMMENDATION**

Recommend authorization of staff to request letter from cognizant agency accepting de minimus (10%) cost rate agreement applicable to RESTORE and all other federal awards.

## **BACKGROUND**

The newly codified Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2CFR200 (Omni Circular) require non-federal entities to either negotiate an indirect cost rate for federal awards, or to use a 10% de minimus rate. Any non-federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimus rate of 10% of the modified total direct costs which may be used indefinitely.

Indirect costs are costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved. In other words, indirect costs are a way to estimate shared overhead expenses such as internet, electricity, phone service, etc. In many cases, consultant services are utilized for the analysis and computation of an entity's indirect cost rate.

After researching the cost and time associated with the computation, proposal, and negotiation of an indirect cost rate, and in light of the fact that an indirect cost analysis of Santa Rosa County may not lead to a rate significantly higher than the de minimus, it is staff's recommendation to accept the 10% de minimus rate for federal awards. Because Santa Rosa County does not typically receive a large amount of direct federal funding, the indirect cost rate would primarily apply to RESTORE. If at any time in the future, the County desires to enter into the process of negotiating an indirect cost rate, the County may do so.