

CoC Fiscal Guidance

INDIRECT COSTS, ADMIN COSTS, AND MATCHING FUNDS

RESOURCES

- Indirect Cost Toolkit for CoC and ESG Programs
 - <https://www.hudexchange.info/resource/6289/indirect-cost-toolkit-for-coc-and-esg-programs/>
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - <https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200>

WHAT'S THE BENEFIT?

New Grants

- Can recover more of the actual costs of administering federal grants
- Increases funding to organization without reducing benefits to clients

Renewal Grants

- If not fully expending grant, a path to draw down more funds
- Under certain circumstances, can help to meet matching funds requirements

DIRECT AND INDIRECT COSTS

Direct costs are 'those costs that can be identified specifically with a particular final cost objective' 2 CFR 200.413

- CoC examples include case manager salary and computer/cell phone; rental assistance for clients; maintenance and repairs of congregate facility, etc.

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 benefited' These costs are shared by more than one program 2 CFR 200.56



Facilities: depreciation on buildings, equipment, and capital improvement; interest on debt associated with certain buildings, equipment and capital improvements; and operations and maintenance expenses.



Administrative: general administrative and general expenses such as the director's office, accounting, and personnel.

TWO TYPES OF INDIRECT COSTS 2 CFR 200.414

ALLOWABLE COSTS FOR FEDERAL AWARDS

Reasonable and
Necessary
[200.403(a)]

Conforming to
limitations or
exclusions
[200.403(b)]

Consistent with
policies and
procedures
[200.403(c)]

Accorded
consistent
treatment
[200.403(d)]

Determined in
accordance with
GAAP
[200.403(e)]

Not included as
match or cost-
share [200.403(f)]

Adequately
documented
[200.403(f)]

TEN PERCENT DE MINIMIS RATE

New opportunity for nonprofits created under revised cost principles (2 CFR 200)

Eligibility

- Do not currently have and have never had a negotiated indirect cost rate
- Not a state, local government, or Indian tribe receiving more than \$35 million in Federal funding
- Will use the rate consistently for all Federal awards and will use rate indefinitely until it chooses to negotiate a rate
- The rate will be based on Modified Total Direct Costs

WHAT IS THE MTDC BASE?

- MTDC is composed of: “all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, sub-awards and sub-contracts up to the first \$25,000 of each sub-award or sub-contract” 2 CFR 200.68
- Also
 - Costs must be allowable under relevant program regulations
 - Necessary and reasonable for the Federal award
 - Consistent with policies and procedures

WHAT MUST BE EXCLUDED FROM MTDC BASE

Equipment

Capital
expenditures

Charges for
patient care

Rental costs

Tuition remission

Scholarships and
fellowships

Participant
support costs

Portions of sub-
awards and sub-
contracts in
excess of \$25,000

INCLUSIONS/EXCLUSIONS FROM MTDC FOR COC EXPENSES CAPITAL/LEASING

ALLOWABLE

- **Acquisition/Rehabilitation/New Construction**
 - None of these costs are allowable as part of MTDC
- **Leasing**
 - Service delivery (payment processing)
 - HQS and LBP inspections for rental assistance and leasing

NOT ALLOWED

- **Acquisition/Rehabilitation/New Construction**
 - All costs excluded from MTDC
- **Leasing**
 - Rent
 - Utilities
 - Security Deposits
 - Property damage

INCLUSIONS/EXCLUSIONS RENTAL ASSISTANCE

- Allowable in MTDC Base

- **Rental Assistance**

- Service delivery (payment processing)
- HQS and Lead Based Paint inspections for rental assistance

- Unallowable in MTDC

- **Rental Assistance**

- Short/medium/long term rental assistance
- Security deposits
- Property damages
- Rental application fees, late charges and other costs associated with rental assistance

INCLUSIONS/EXCLUSIONS SUPPORTIVE SERVICES

- **INCLUDED**

- **Supportive Services**

- Case management/assessment of service needs
- Education services
- Employment and job training
- Housing search and counseling
- Legal services
- Life skills training
- Transportation
- Outreach

- **EXCLUDED**

- **Supportive Services**

- Childcare
- Moving costs
- Tuition/scholarships
- Food
- Mental health services
- Outpatient health services
- Substance abuse treatment services
- Utility deposits

INCLUSIONS/EXCLUSIONS OPERATING COSTS

- **INCLUDED IN MTDC**

- **Operating Costs**
 - Maintenance and repair of housing
 - Building security personnel

- **EXCLUDED FROM MTDC**

- **Operating Costs**
 - Property tax and insurance
 - Replacement reserve account
 - Utilities
 - Furniture
 - Equipment
 - Property damage

INCLUSIONS/EXCLUSIONS HMIS/ADMIN COSTS

- **INCLUDED IN MTDC**

- **HMIS Costs**

- Data collection and contributions including training
- HMIS lead agency activities
- Victim or legal services provider activities

- **Administrative costs**

- General management, oversight and coordination
- Trainings
- Environmental reviews

- **EXCLUDED FROM MTDC**

- **HMIS Costs**

- HMIS equipment – hardware, software licenses, office equipment, office space, utilities
- Participant fees

- **Administrative Costs**

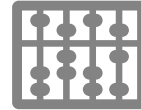
- Rent
- Utilities
- Equipment



Identifies the base used to distribute indirect costs



Unique to every agency



Work with agency accountants



Must be renewed every three years



Agreements: type of rate, effective period for rate, locations to which the rate is applicable, and programs to which rate is applicable

NEGOTIATED INDIRECT COST RATES

EXAMPLE OF INDIRECT COST RATE CALCULATION

Grant Totals		Calculations for Indirect			Adjusted Budget		
Item	Total	Excluded	Included	Rate	Indirect cost	Adjusted direct	Total
Case managers	\$50,000	\$0	\$50,000	10%	\$5,000	\$45,000	\$50,000
Rental asstnce	\$85,000	\$85,000	\$0	10%	\$0	\$85,000	\$85,000
Subgrant, legal	\$50,000	\$25,000	\$25,000	10%	\$2,500	\$47,500	\$50,000
Admin Staff	\$15,000	\$0	\$15,000	10%	\$1,500	\$13,500	\$15,000
Total	\$200,000	\$110,000	\$90,000		\$9,000	\$191,000	\$200,000

Direct cost – cannot exceed 10% of CoC grant

General management, oversight and coordination

- Salaries and wages
- Budgets and schedules, program compliance, subrecipient agreements, subrecipient monitoring, preparing HUD reports, resolving audit and monitoring findings, evaluating program results
- Costs for goods and services to accomplish above

General legal, accounting and audit services

Training on CoC requirements

Environmental reviews

WHAT ARE ADMIN
COSTS IN COC
PROGRAM?

ADMIN AND INDIRECT

- You may earn indirect costs on admin funding
- Because HUD has classified admin funds as direct costs, the 10% limit on admin funding does not apply to costs billed as indirect
- Any cost charged to the admin funding line must have back-up in terms of time sheets for salaried staff, invoices and allocation methodology for costs such as audits that are shared between programs
- Costs paid for by indirect fees do not require documentation
- Make certain that costs paid for with indirect funds are not also covered by direct costs

APPLYING FOR INDIRECT COSTS IN 2021 HUD NOFO

e.Forms

6A. Funding Request

* 1. Do any of the properties in this project have an active restrictive covenant? Yes

* 2. Was the original project awarded as either a Samaritan Bonus or Permanent Housing Bonus project? Yes

* 3. Does this project propose to allocate funds according to an indirect cost rate? Yes

Indirect cost rate proposals should be submitted as soon as the applicant is notified of a conditional award. Conditional award recipients will be asked to submit the proposal rate during the e-snaps post-award process.

Applicants with an approved indirect cost rate must submit a copy of the approval with this application.

* a. Please complete the indirect cost rate schedule below:

Agency	Indirect Cost Rate	Direct Cost Base	Date approved or enter "NA" if using 10 % de minimis rate

The applicant must complete at least one row in the indirect cost rate schedule.

* b. Has this rate been approved by your cognizant agency? -- select --

* c. Do you plan to use the 10% de minimis rate? -- select --

4. Renewal Grant Term: This field is pre-populated with a one-year grant term and cannot be edited: 1 Year

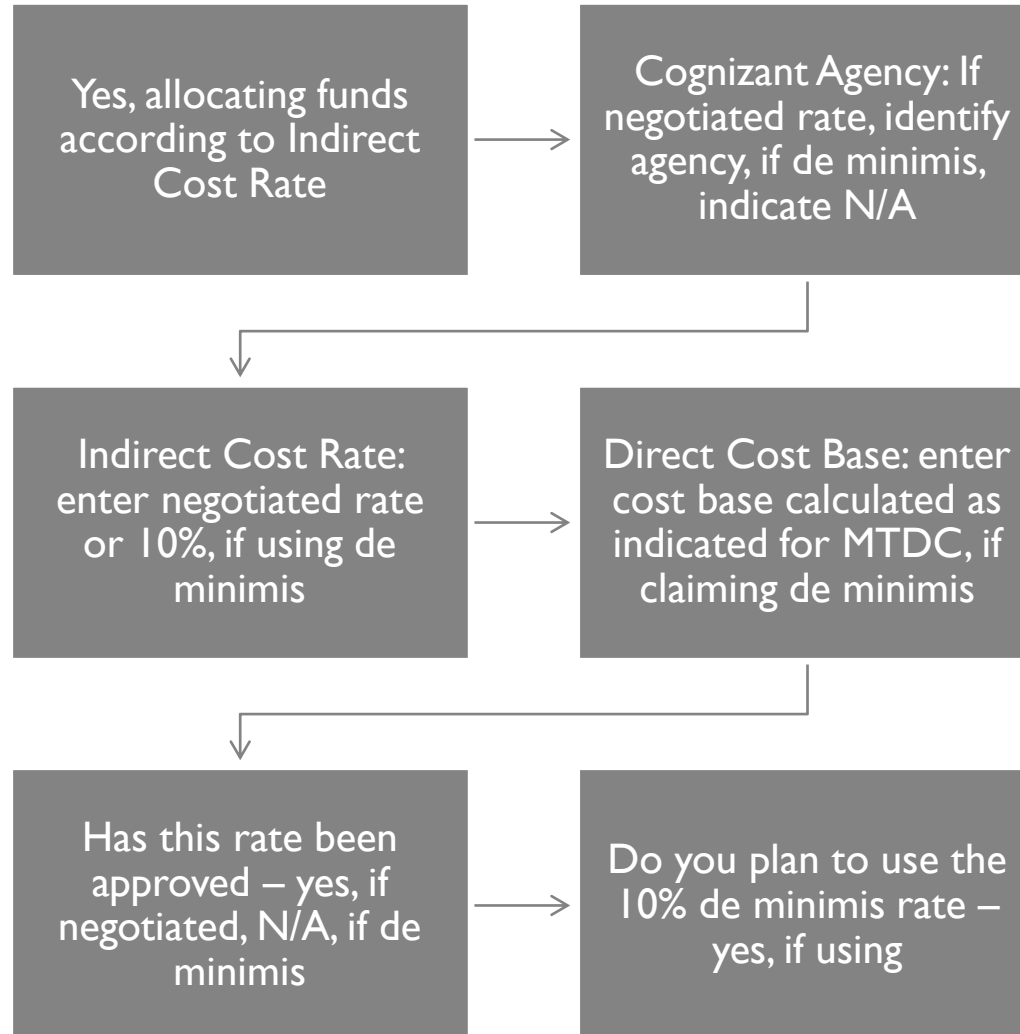
5. Select the costs for which funding is requested:

- Leased Units
- Leased Structures
- Rental Assistance
- Supportive Services
- Operating
- HMIS

Save & Back Save Save & Exit

Save Next

These options depend on the project's program component



COMPLETING FORM 6A

MATCH

All CoC costs other than leasing must be matched by 25% funding from other sources

- For YHDP - Do not need to meet match requirement if: applicant is able to demonstrate that it has taken reasonable steps to maximize resources available for youth experiencing homelessness

Rental payments paid by participants directly to the project grantee (leasing, sponsor and project based rental assistance) count as match

In a cash match, the agency receives and expends the funds on eligible program activities

In an in-kind match:

- An MOU describing the match is entered into prior to contract start
- Any goods or services provided by an in-kind match must be eligible under the CoC Program regulations
- At the completion of the program year, must demonstrate that in-kind services were actually received by program participants

CAN INDIRECT COSTS HELP WITH MATCH?

- 2 CFR 200.306 “Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.”
- If the agency is entitled to claim indirect – and has indicated on its annual application to HUD that it intends to do so, but there is insufficient funding to cover necessary direct costs in order to meet grant requirements and pay the agency it’s allowed indirect costs.

HOW TO USE
UNCLAIMED
INDIRECT COSTS AS
MATCH

1

As part of the annual application, indicate to HUD intent to charge indirect costs and, if your agency does not have a negotiated indirect cost rate, indicate that you will use the de minimis rate of 10% of MTDC.

2

As part of the annual grant renewal, notify the field office of your intent to use unclaimed indirect to meet match requirements

3

If HUD approves, calculate the indirect costs that your agency has earned (using the table on slide 18 as a guide) and save that as documentation of matching funds provided to the project

QUESTIONS?



THANK YOU!

Howard Burchman,
Hburchman@HousingInnovations.us

