



FY2022 and FY2023 Economic Development Initiative - Community Project Funding Grants Webinar Series:

A Practical Guide for Costs & Addressing Indirect Cost Rates

September 13, 2023

CPF Grantee Training: Open and Upcoming Technical Assistance



1. CFP FY2022 Grantees

- Cohort for Grantees that haven't submitted any grant materials
- Registration email sent
- Four Live Sessions and Office Hours
- Sessions begin October 2, 2023

2. CFP FY2023 Grantees

- Cohorts for Grantees that haven't submitted any grant materials
- Registration email will be sent
- Four Live Sessions and Office Hours
- Cohorts and Sessions begin in January 2024

3. All CPF Grantees

- HUD Exchange (HUDx) CPF Website: <https://www.hudexchange.info/programs/cpf/>
- HUDx CPF Ask A Question (AAQ) Help Desk: CPF Grants, ER Process, & DRGR
- Upcoming CPF Webinar Series topics: Section 3, Fraud, Reporting, and Close-Out

Today's Tech Tips

1. A **recording** of today's webinar will be made available on the HUDx CPF website under "Past Trainings" and the "General Resources" Sections at <https://www.hudexchange.info/programs/cpf/>
2. You will be **notified** when today's webinar will be posted on the HUDx CPF website
3. The **slide deck** and **transcript** of the presentation will be posted on the HUDx CPF website
4. Encourage you to **sign up** for the HUDx Economic Development Initiatives-Community Project Funding (EDI-CPF – Community Project Funding) Listserv using this link <https://www.hudexchange.info/mailinglist/subscribe/> and checking the "EDI-CPF – Community Project Funding Grants" box
5. We will not be opening the chat up for questions nor will questions be taken live.
6. During the presentation and/or after we encourage you to **use the HUDx CPF Ask A Questions** Help Desk to submit questions and received a written response to your questions. <https://www.hudexchange.info/program-support/my-question/>
7. The HUDx CPF Ask A Questions Help Desk link is: <https://www.hudexchange.info/program-support/my-question/>

HUDx CPF Website



The screenshot shows the homepage of the HUD Exchange CPF website. The top navigation bar includes links for "My HUD Exchange", "Programs", "Resources", "Trainings", "Program Support", and "Grantees". A "New Housing Assistance" button and a "Final Update" link are also present. The main banner features five images: a park, a construction worker, a residential area, a playground, and a storefront. Below the banner, a section titled "Community Project Funding" describes the program and provides a "Learn more about CPF" button. The page also includes a breadcrumb navigation ("Home > Programs > Community Project Funding") and a "Get Started" button. The "CPF Grant Guides" section contains a "View the Grant Guides" button. The "Program Support" section includes a "Learn More" button. The "Systems" and "Policy Guidance" sections provide links to various HUD resources.

Program Support

<https://www.hudexchange.info/programs/cpf/>

HUDx CPF Ask a Question Help Desk

A screenshot of the HUD Exchange website. The top navigation bar includes links for "Programs", "Resources", "Trainings", "Program Support" (which is highlighted in green), "Grantees", "News", and "Email Updates/Log In". Below the navigation, there are two main sections: "Ask a Question" (with a woman's face and question marks) and "Request In-Depth Assistance" (with a group of people in a meeting).

Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE?

Program Support

Ask a Question

Request In-Depth Assistance

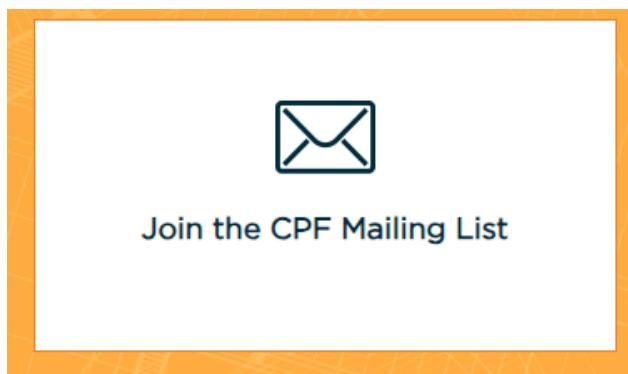
Ask a basic policy or reporting system question.

Request in-depth assistance with implementing a HUD-funded program.

“Ask a Question”

<https://www.hudexchange.info/program-support/my-question/>

HUDx CPF Ask a Question Help Desk



Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE? Email Updates Log In

HUD EXCHANGE Programs Resources Trainings Program Support Grantees News

Home > Email Updates > Subscribe to HUD Exchange Mailing Lists

Subscribe to HUD Exchange Mailing Lists

The HUD Exchange Mailing Lists provide email updates on new resources, training opportunities, HUD policies, and more. To subscribe, enter the requested information, select the topics that interest you, and then select *Subscribe*. If you are already subscribed to the mailing list, you can update your preferences.

* indicates required

Email Address *

Zip Code

I'd like to receive email updates about:

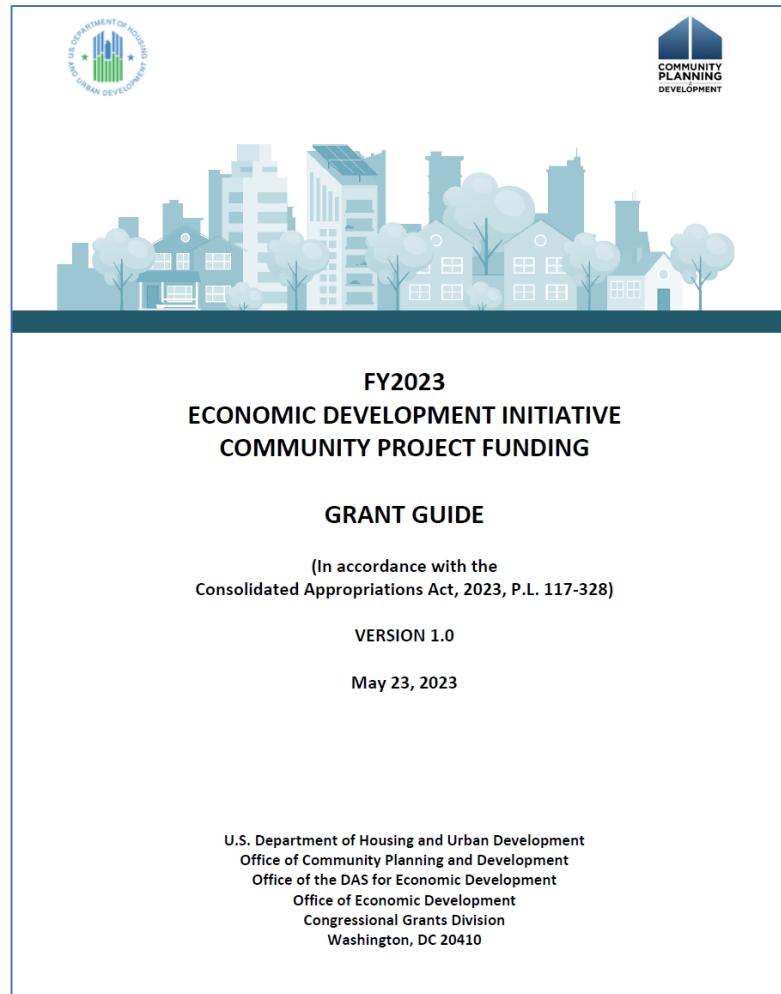
<input type="checkbox"/> 811 Capital Advance	<input type="checkbox"/> IDIS - Integrated Disbursement and Information System
<input type="checkbox"/> 811 PRA - 811 Project Rental Assistance	<input type="checkbox"/> Lead Safe Housing and Healthy Homes
<input type="checkbox"/> ARC - Appalachian Regional Commission	<input type="checkbox"/> Multifamily Housing Preservation
<input type="checkbox"/> Acquisition and Relocation	<input type="checkbox"/> NFHTA - National Fair Housing Training Academy
<input type="checkbox"/> Better Buildings Challenge - Multifamily	<input type="checkbox"/> NSP - Neighborhood Stabilization Program
<input type="checkbox"/> BRAC - Base Realignment and Closure	<input type="checkbox"/> ONAP - Office of Native American Programs
<input type="checkbox"/> CDBG - Community Development Block Grant	<input type="checkbox"/> Pay for Success
<input type="checkbox"/> CDBG-DR - Community Development Block Grant Disaster Recovery	<input type="checkbox"/> Promise Zones
<input type="checkbox"/> CoC - Continuum of Care Program	<input type="checkbox"/> RHED - Rural Housing and Economic Development
<input type="checkbox"/> Community-Led Initiatives	<input type="checkbox"/> RHP - Recovery Housing Program
<input type="checkbox"/> DRGR - Disaster Recovery Grant Reporting	<input type="checkbox"/> RHSP - Rural Housing Stability Program
<input type="checkbox"/> EDI-CPF - Community Project Funding Grants	<input type="checkbox"/> Rural Capacity Building for Community Development

CPF Grantees Training: Objectives



1. Cost Rate Information and Community Project Funding (CPF) Grants
2. CPF Grant Agreements and Appendix 3 “Grantee’s Indirect Cost Rate Information
3. Overview of OMB’s Uniform Guidance
4. Outline key concepts for understanding cost classification
5. Understand the difference between a direct cost and an indirect cost
6. How to determine and document your indirect costs
7. Learn how to determine when the correct methodology or formula has been used
8. Highlight the areas for Grantees prior to submitting grant packages

CPF Grantee Training: Cost Rates – “Economic Development Initiative Community Project Funding Grant Guide”

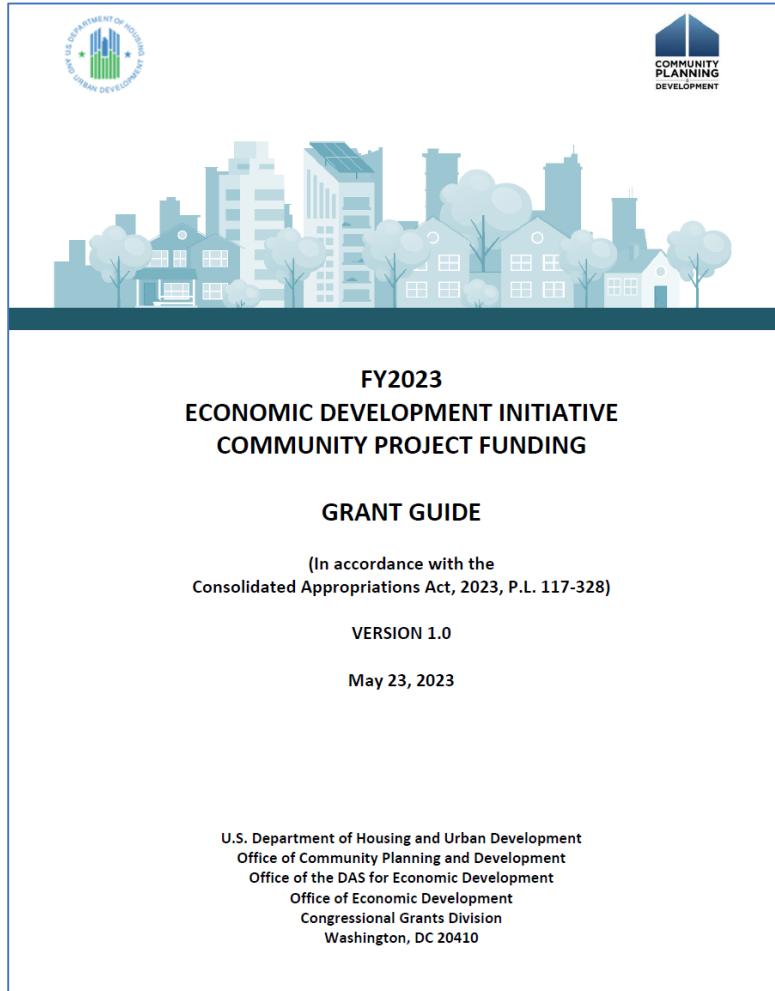


- **Page 7: 2.2 Detailed Instructions** - A project narrative, line-item budget, and indirect cost rate information as described below are necessary to make sure your grant agreement contains the minimum information required by 2 CFR 200.211.
- **Page 19 and 20:**

Indirect Cost Rate	Normal indirect cost rules under 2 CFR Part 200, subpart E apply. If you intend to charge indirect costs to your award, APPENDIX 3 of the grant agreement must clearly state the rate and distribution base you intend to use. If you have a Federally negotiated indirect cost rate, your application must also include a letter or other documentation from the cognizant agency showing the approved rate.
	<p>Special instructions for state and local governments: If your department or agency unit has a Federally negotiated indirect cost rate, your application must include that rate, the applicable distribution base, and a letter or other documentation from the cognizant agency showing the negotiated rate. If your department or agency unit receives more than \$35 million in direct Federal funding per year, you may not claim indirect costs until you receive a negotiated rate from your cognizant agency for indirect costs as provided in Appendix VII to 2 CFR Part 200.</p> <p>If your department or agency unit receives no more than \$35 million in direct Federal funding per year and your department or agency unit has developed and maintains an indirect cost rate proposal and supporting documentation for audit in accordance with 2 CFR Part 200, Appendix VII, you may use the rate and distribution base specified in that indirect cost rate proposal.</p> <p>Alternatively, if your department or agency unit receives no more than \$35 million in direct Federal funding per year and does not have a current negotiated rate (including provisional rate), you may elect to use the de minimis rate of 10% of MTDC. As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. Once elected, the de minimis rate must be applied consistently for all Federal awards until you choose to negotiate for a rate, which you may apply to do at any time. Documentation of the decision to use the de minimis rate must be retained on file for audit.</p>

Special instructions for applicants other than state and local governments: If you have a Federally negotiated indirect cost rate, your application must clearly state the approved rate and distribution base and must include a letter or other documentation from the cognizant agency showing the approved rate. If your organization does not have a current negotiated rate (including provisional rate) and elects to use the de minimis rate, your application must clearly state you intend to use the de minimis rate of 10% of Modified Total Direct Costs (MTDC). As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. Once elected, the de minimis rate must be applied consistently for all Federal awards until the organization chooses to negotiate a rate, which the organization may apply to do at any time. Documentation of the decision to use the de minimis rate must be retained on file for audit.

CPF Grantee Training: Cost Rates – “Economic Development Initiative Community Project Funding Grant Guide”



- **Page 41:**

FY2023 Community Project Funding Grant Guide (Version 1.0)

Attachment 1: Grant Agreement Submission Checklist

To assist you with completing the required materials, please make sure that you have completed the following:

- The grantee has an active registration on the SAM.gov system.
- The legal name of the funding recipient in the SF-424's Block 8 is the same as the entity named in the JES.
- The amount of the requested grant is the same as the amount authorized in the JES.
- The SF-424 is complete, properly executed, and dated.
- The SF-424-B, if required, is properly executed and dated.
- The SF-424-D, if required, is properly executed and dated.
- The SF-LLL is complete, properly executed, and dated.
- The project narrative describes the ENTIRE project and indicates the specific activities that will be financed with CPF grant funds.
- The project budget is consistent with the requirements of the applicable appropriations act and cost principles in 2 CFR part 200.
- Indirect Cost Rate
 - Will you charge Indirect Costs to the Grant? Yes No
 - If yes, are you opting for following:
 - De Minimis Rate (10% of MTDC)
 - Federally Negotiated Indirect Cost Rate Agreement:
 - Approving Agency: _____
 - Approved Rate and Base: _____
 - Is Appendix 3 of the Grant Agreement filled out as appropriate?

CPF Grantee Training: Cost Rates – “Economic Development Initiative Community Project Funding Grant Guide”



The image shows the front cover of the "FY2022 ECONOMIC DEVELOPMENT INITIATIVE COMMUNITY PROJECT FUNDING GRANT GUIDE". The cover features a blue header with the U.S. Department of Housing and Urban Development logo and the "COMMUNITY PLANNING DEVELOPMENT" logo. Below the header is a stylized illustration of a city skyline with various buildings and trees. The title "FY2022" is at the top, followed by "ECONOMIC DEVELOPMENT INITIATIVE COMMUNITY PROJECT FUNDING" and "GRANT GUIDE". Below that, it says "(Amended in accordance with the Consolidated Appropriations Act, 2023, P.L. 117-328)" and "VERSION 2.0". At the bottom, it says "Updated May 23, 2023".

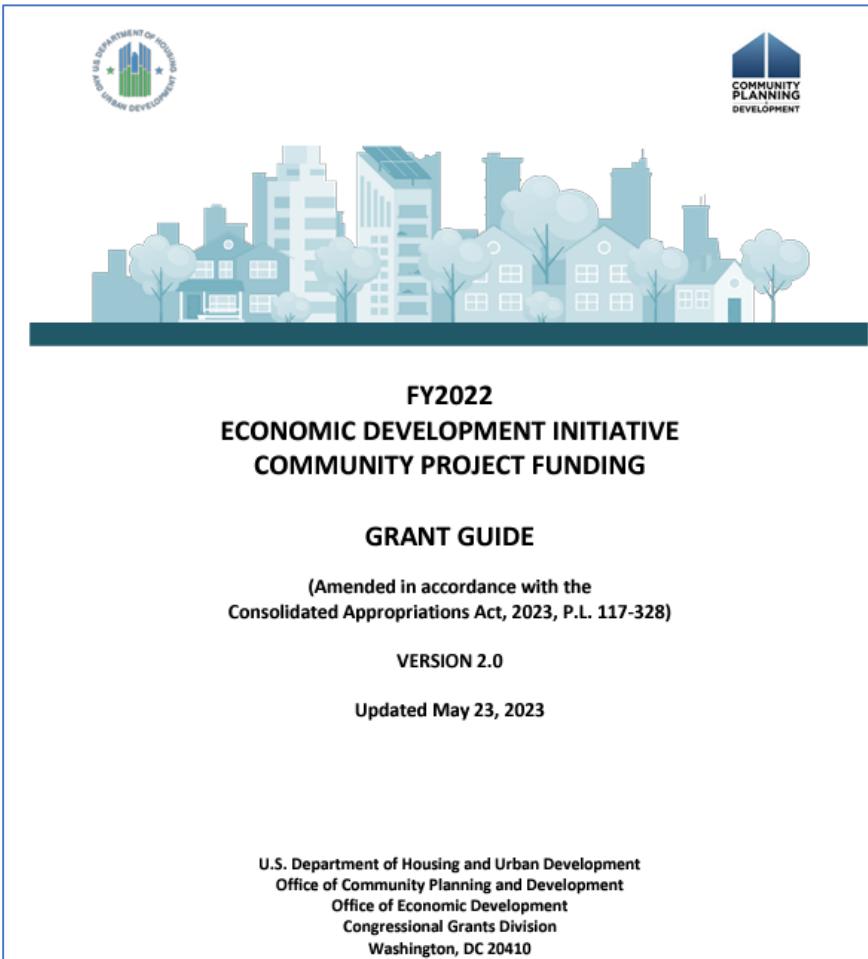
- **Page 13:** 2.4 Detailed Information - A project narrative, line-item budget, and indirect cost rate information, if applicable, as described below are necessary to make sure your grant agreement contains the minimum information required by 2 CFR Part 200.211.
- **Page 25 and 26:**

Indirect Cost Rate	Normal indirect cost rules under 2 CFR Part 200, subpart E apply. If you intend to charge indirect costs to your award, APPENDIX 3 of the grant agreement must clearly state the rate and distribution base you intend to use. If you have a Federally negotiated indirect cost rate, your application must also include a letter or other documentation from the cognizant agency showing the approved rate.
	Special instructions for state and local governments: If your department or agency unit has a Federally negotiated indirect cost rate, your application must include that rate, the applicable distribution base, and a letter or other documentation from the cognizant agency showing the negotiated rate. If your department or agency unit receives more than \$35 million in direct Federal funding per year, you may not claim indirect costs until you receive a negotiated rate from your cognizant agency for indirect costs as provided in Appendix VII to 2 CFR Part 200.

Alternatively, if your department or agency unit receives no more than \$35 million in direct Federal funding per year and does not have a current negotiated rate (including provisional rate), you may elect to use the de minimis rate of 10% of MTDC. As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. Once elected, the de minimis rate must be applied consistently for all Federal awards until you choose to negotiate for a rate, which you may apply to do at any time. Documentation of the decision to use the de minimis rate must be retained on file for audit.

Special instructions for applicants other than state and local governments: If you have a Federally negotiated indirect cost rate, your application must clearly state the approved rate and distribution base and must include a letter or other documentation from the cognizant agency showing the approved rate. If your organization does not have a current negotiated rate (including provisional rate) and elects to use the de minimis rate, your application must clearly state you intend to use the de minimis rate of 10% of Modified Total Direct Costs (MTDC). As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. Once elected, the de minimis rate must be applied consistently for all Federal awards until the organization chooses to negotiate a rate, which the organization may apply to do at any time. Documentation of the decision to use the de minimis rate must be retained on file for audit.

CPF Grantee Training: Cost Rates – “Economic Development Initiative Community Project Funding Grant Guide”



- **Page 18:**

FY2022 Community Project Funding Grant Guide (Version 2.0)

Attachment 1: Grant Agreement Submission Checklist

To assist you with completing the required materials, please make sure that you have completed the following:

- The grantee has an active registration on the SAM.gov system.
- The legal name of the funding recipient in the SF-424's Block 8 is the same as the entity named in the JES or FY2023 Act's technical corrections.
- The amount of the requested grant is the same as the amount authorized in the JES.
- The SF-424 is complete, properly executed, and dated.
- The SF-424-B, if required, is properly executed and dated.
- The SF-424-D, if required, is properly executed and dated.
- The SF-LLL, if applicable, is complete, properly executed, and dated.
- The project narrative describes the ENTIRE project and indicates the specific activities that will be financed with CPF grant funds.
- The project budget is consistent with the requirements of the applicable appropriations acts and cost principles in 2 CFR part 200.
- Indirect Cost Rate
 - Will you charge Indirect Costs to the Grant? Yes No
 - If yes, are you opting for following:
 - De Minimis Rate (10% of MTDC)
 - Federally Negotiated Indirect Cost Rate Agreement:
 - Approving Agency: _____
 - Approved Rate and Base: _____
 - Is Appendix 3 of the Grant Agreement filled out as appropriate?

CPF Grantee Training: Cost Rates - “CPF Supplemental Information on Indirect Costs”



Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE?

Email Updates



HUD EXCHANGE

My HUD Exchange

Programs ▾

Resources ▾

Trainings ▾

Program Support ▾

Grantees ▾

Home > Programs > Community Project Funding > CPF Resources by Fiscal Year (FY) Cohort

CPF Resources by Fiscal Year (FY) Cohort

General Resources for All CPF Grantees

FY 2022 CPF Cohort

FY 2023 CPF Cohort

General Resources for All CPF Grantees

General CPF Resources

- [CPF Frequently Asked Questions \(FAQs\)](#)
- [CPF Supplemental Information on Indirect Costs](#)



<https://www.hud.gov/sites/dfiles/CPD/documents/Indirect-Spending-Supplement-for-Grantees.pdf>

Community Project Funding (CPF) Supplemental Information on Indirect Costs

While there is not a one-size-fits-all approach to indirect costs, there are requirements and guidelines grantees should consider when preparing CPF grant materials.

General Principles for All Costs

To classify and document costs correctly, grantees should consider the following requirements. As outlined in 2 CFR 200 Subpart E, all costs must meet four criteria:

- Necessary: The cost will fill a gap in the project that cannot be filled by another funding source;
- Reasonable: Costs do not exceed what a prudent person would incur under similar circumstances as demonstrated by the market price for comparable goods and services;
- Allowable: Costs must be allowable under 2 CFR 200; and
- Allocable: Costs must be clearly allocated, meaning there is a methodology for determining where to attribute costs.

Classifying Costs

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. However, it is essential that each item of cost incurred for the same purpose be treated consistently either as a direct or indirect cost. Direct costs are attributable to one specific activity or project (2 CFR 200.413) while indirect costs are those that have been incurred for common or joint purposes (2 CFR 200.414). Typical examples of indirect costs may include the rent, utilities and maintenance expenditures related to shared space or salaries for staff who support multiple programs.

Determining Indirect Cost Rates

There are three ways for grantees to determine their rates of indirect costs:

- 1) **Many** non-profit organizations do not have an indirect cost rate that has been federally approved. In this case, grantees may elect to charge an indirect cost rate of 10% of modified total direct costs (MTDC) (i.e., *de minimis* rate). Additional information on MTDC can be found in 2 CFR 200.68.
- 2) **Some** large nonprofit organizations, state and local governments do have a federally approved indirect cost rate. For state and local governments: If your department or agency has developed and maintains an indirect cost rate proposal and supporting documentation in accordance with 2 CFR Part 200 Appendix VII AND your department or agency receives no more than \$35 million in direct Federal funding per year, you may use the rate and distribution base specified in that indirect cost rate proposal.
- 3) **A few** entities fall into the category of needing a federally approved indirect cost rate but don't have one. Generally, these are entities whose annual federal income exceeds \$35 million and/or whose existing indirect cost rate for all activities may not be appropriate. In this case, grantees should communicate with their grant officer about the process for negotiating an indirect cost rate with HUD.

1

Communicating Indirect Cost Rates to HUD for CPF Grants

The grant guide sent to all grantees and available [online](#) outlines how to communicate your entity's indirect cost rate to HUD. The indirect costs should be listed in the project budget. Additionally, the grant agreement asks grantees to select which type of indirect cost rate they will use. **If the grantee has a Federally negotiated indirect cost rate, the grantee should attach to their grant package submission a letter or other documentation from the cognizant agency showing the approved rate.**

CPF Grantee Training: Cost Rates – FY 2022 CPF Cohort

“FY 2022 CPF Grantee Award Package Completion Checklist”



Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE?

HUD EXCHANGE My HUD Exchange Programs ▾ Resources ▾ Trainings ▾ Program Support ▾

Home > Programs > Community Project Funding > CPF Resources by Fiscal Year (FY) Cohort

CPF Resources by Fiscal Year (FY) Cohort

- General Resources for All CPF Grantees
- FY 2022 CPF Cohort**
- FY 2023 CPF Cohort

FY 2022 CPF Cohort

Funding Award Information

- FY 2022 Community Project Funding Grant Guide (Version 2.0)
- FY 2022 CPF Grantee Award Package Completion Checklist



FY 2022 COMMUNITY PROJECT FUNDING GRANTS GRANT AWARD PACKAGE COMPLETION CHECKLIST

Item #	Tasks <i>(Instructions on pages 2-6)</i>	Complete
1	Register in SAM.gov: The grantee has an active registration in the SAM.gov system. <i>See Instructions.</i>	<input type="checkbox"/>
2	Verify information on HUD-1044: Verify information in boxes 3, 7, and 14 matches award letter. If it does not match, notify your Grant Officer. Do not sign or submit form.	<input type="checkbox"/>
3	<p>Submit items 3a-3i identified below:</p> <ul style="list-style-type: none"> Email CPFGGrants@hud.gov mailbox with a “cc” to the Grant Officer assigned by state Email subject line must include, in this order: Grant Number: Grantee Name: Submission of Required Grant Award Materials For example: B-22-CP-XX-####: Town of Anywhere: Submission of Required Grant Award Materials Submit documents in separate files instead of a combined pdf 	<input type="checkbox"/>
3a	Signed Grant Agreement: <i>See Instructions.</i>	<input type="checkbox"/>
3b	Project Narrative: <i>See Instructions.</i>	<input type="checkbox"/>
3c	Project Budget: <i>See Instructions.</i>	<input type="checkbox"/>
3d	Standard Form 424 Application for Federal Assistance: <i>See Instructions.</i>	<input type="checkbox"/>
3e	Standard Form 424B, Assurances for Non-Construction Programs (if applicable):	<input type="checkbox"/>
3f	Standard Form 424D, Assurances for Construction Programs (if applicable):	<input type="checkbox"/>
3g	Standard Form LLL Disclosure of Lobbying Activities: <i>See Instructions.</i>	<input type="checkbox"/>
3h	Standard Form 1199A: <i>See Instructions.</i>	<input type="checkbox"/>
3i	Evidence of the American Bankers Association (ABA) number for the grantee's depository account (e.g., voided blank check, deposit slip, or similar documentation such as a letter from the bank)	<input type="checkbox"/>
	After you complete steps 1-3, your HUD grant officer will review and contact you regarding any deficiencies that need to be addressed. Once addressed, HUD will return a fully executed grant agreement and instructions to access DRGR, the system that will provide you with the ability to draw funds. As a reminder, payment of soft costs can be made once your grant agreement is executed by HUD; payment of project hard costs can only be made after your grant agreement is executed by HUD AND a project-specific environmental review is completed.	<input type="checkbox"/>

CPF Grantee Training: Cost Rates – CPF Grant Agreements



<p>FY 2023 COMMUNITY PROJECT FUNDING GRANT AGREEMENT NO. B-23-CPF-XX-####</p> <p>Grantee Name: Grantee Address: Grantee's Unique Entity Identifier (UEI): Grantee's Employer Identification Number (EIN): Federal Award Identification Number (FAIN): B-23-CP-XX-#### Assistance Listing Number and Name: 14.251 Economic Development Initiative, Community Project Funding, and Miscellaneous Grants Period of Performance/Budget Period Start Date: [Enter date the agreement is executed by HUD] Period of Performance/Budget Period End Date: August 31, 2031</p> <p>This Grant Agreement between the Department of Housing and Urban Development (HUD) and _____ (the Grantee) is made pursuant to the authority of the Consolidated Appropriations Act, 2023 (Public Law 117-328) and the Explanatory Statement for Division L of that Act, which was printed in the Senate section of the Congressional Record on December 20, 2022 (Explanatory Statement).</p> <p>In reliance upon and in consideration of the mutual representations and obligations under this Grant Agreement, HUD and the Grantee agree as follows:</p> <p>ARTICLE I. Definitions</p> <p>The definitions at 2 CFR 200.1 apply to this Grant Agreement, except where this Grant Agreement specifically states otherwise.</p> <p>Budget period is defined in 2 CFR 200.1 and begins and ends on the dates specified above for the Period of Performance/Budget Period Start Date and Period of Performance/Budget Period End Date.</p> <p>Period of Performance is defined in 2 CFR 200.1 and begins and ends on the dates specified above for the Period of Performance/Budget Period Start Date and Period of Performance/Budget Period End Date.</p> <p>ARTICLE II. Total Grant Amount</p> <p>Subject to the provisions of the Grant Agreement, HUD will make grant funds in the amount of \$_____ available to the Grantee.</p> <p>ARTICLE III. Award-Specific Requirements</p> <p>A. Federal Award Description. The Grantee must use the Federal funds provided under this Grant Agreement (Grant Funds) to carry out the Grantee's "Project." Unless changed in accordance with Article III, section C of this Grant Agreement, the Grantee's Project shall be as</p>

- For CPF FY22 and FY23 Grant Agreements on Page 3:

F. The Grantee must use the Grant Funds only for costs (including indirect costs) that meet the applicable requirements in 2 CFR part 200 (including appendices). The Grantee's indirect cost rate information is as provided in Appendix 3 to this Grant Agreement. Unless the Grantee is an Institution of Higher Education, the Grantee must immediately notify HUD upon any change in the Grantee's indirect cost rate during the Period of Performance, so that HUD can amend the Grant Agreement to reflect the change if necessary. Consistent with 2 CFR Part 200, Appendix III (C.7), if the Grantee is an Institution of Higher Education and has a negotiated rate in effect on the date this Grant Agreement is signed by HUD, the Grantee may use only that rate for its indirect costs during the Period of Performance.

CPF Grantee Training: Cost Rates – CPF Grant Agreements



- **Page 13 / Appendix 3:**

APPENDIX 3 – Grantee's Indirect Cost Rate Information

Subject to the applicable requirements in 2 CFR part 200 (including its appendices), the Grantee will use an indirect cost rate as represented by the Grantee below:

- The Grantee will not use an indirect cost rate to charge its indirect costs to the grant.
- The Grantee will use the indirect cost rate(s) identified in the table below to charge its indirect costs to the grant.

Agency/Dept./Major Function	Indirect cost rate _____ %	Direct Cost Base _____ %

[PLEASE NOTE: The grantee must check one of the two boxes above. If the second box is checked, the corresponding table must be filled out as described below.

The table must include each indirect cost rate that will be used to calculate the Grantee's indirect costs under the grant. The table must also specify the type of direct cost base to which each included rate applies (for example, Modified Total Direct Costs (MTDC)). Do not include indirect cost rate information for subrecipients.

For government entities, enter each agency or department that will carry out activities under the grant, the indirect cost rate applicable to each department/agency (including if the de minimis rate is used per 2 CFR 200.414), and the type of direct cost base to which the rate will be applied.

For nonprofit organizations that use the Simplified Allocation Method for indirect costs or elects to use the de minimis rate of 10% of Modified Total Direct Costs in accordance with 2 CFR 200.414, enter the applicable indirect cost rate and type of direct cost base in the first row of the table.

For nonprofit organizations that use the Multiple Allocation Base Method, enter each major function of the organization for which a rate was developed and will be used under the grant, the indirect cost rate applicable to that major function, and the type of direct cost base to which the rate will be applied.]

The White House Office of Management and Budget's **(OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**, commonly known as Uniform Guidance is the authoritative set of rules governing all Federal awards and provides Standards for establishing an Indirect Cost Rate.

2 CFR Subpart E – Cost Principles:

- §200.402 – Composition of Costs
- §200.403 - Factors Affecting Allowability of Costs
- §200.404 - Reasonable Costs
- §200.405 - Allocable Costs
- §200.406 - Applicable Credits
- §200.412 – Classification of Costs
- §200.413 - Direct Costs
- §200.414 - Indirect (F&A*) Costs

*F&A – Facilities and Administration

<https://www.ecfr.gov/cgi-bin/textidx?SID=437d11908674f667e253e03b0d1de0f6&mc=true&node=sp2.1.200.e&rgn=div6>

Composition of Cost



**Allowable
Direct
Costs** **Allocable
+ Indirect Costs** - **Credits** = **TOTAL
COST**

Cost Classifications: Key Concepts - Allowable Costs



Generally, for costs to be allowable, they must be:

- 200.403(a) Reasonable and necessary
- 200.403(b) Conforming to limitations or exclusions
- 200.403(c) Consistent with policies and procedures
- 200.403(d) Accorded consistent treatment
- 200.403(e) Determined in accordance with GAAP
- 200.403(f) Not included as match or cost-share
- 200.403(g) Adequately documented

Common unallowable costs include:

- 200.421 Advertising and public relations
- 200.423 Alcoholic beverages
- 200.426 Bad debts
- 200.434 Contributions and donations
- 200.438 Entertainment costs
- 200.441 Fines, penalties, damages, and other settlements
- 200.442 Fundraising and investment management costs
- 200.445 Goods or services for personal use
- 200.449 Interest
- 200.450 Lobbying
- 200.451 Losses on other awards or contracts 200.455 Organization costs
- 200.467 Selling and marketing costs
- 200.470 Taxes (including Value Added Tax)

Cost Classification: Key Concepts of Cost Eligibility

To be eligible all costs must meet four criteria (2 CFR §200.403)

- 1) **Necessary:** The cost will fill a gap that can't be filled by another funding source;
- 2) **Reasonable:** Costs do not exceed what a prudent person would incur under similar circumstances as demonstrated by the market price for comparable items;
- 3) **Allowable:** Costs must be allowable under 2 CFR 200; **and**
- 4) **Allocable:** Costs must be clearly allocated, meaning there is a methodology for determining where to attribute costs.

Practical Tip: Grantees should prepare their budget to ensure costs are eligible based on the criteria above.

Classification of Costs: Direct Costs versus Indirect Costs



DIRECT	INDIRECT
Costs that can be identified specifically with a particular final cost objective, particular award, project, service, or other direct activity of an organization.	Costs that have already been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Classification of Costs: Highlights

- There is no “universal rule” for classifying certain costs as either direct or indirect.
- A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective.
- It is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as direct or indirect costs in order to avoid possible double-charging of Federal awards.
- Because of the diverse characteristics and accounting practices of organizations, it is not possible to specify the types of costs that may be classified as indirect costs in all situations.
- Identification with Federal awards rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards.

Classification of Costs: Direct Costs

Direct Costs (2 CFR § 200.413)

Costs that can be identified specifically with a particular final cost objective (i.e., attributed to a specific program).

Example: The Safe Home Organization will use CPF funds to provide housing options for seniors. The case manager's costs can be direct costs if they only work on the CPF program.

Wages:

- Confirm that rates of pay are reasonable and in accordance with the work performed;
- Verify expenses are based only on actual hours worked on the grant program as evidenced by attendance reports and timesheets; and
- Ensure these costs are supported by detailed general ledger accounts.

Classification of Costs: Direct Costs (Continued)

Direct Costs (2 CFR § 200.413)

Costs that can be identified specifically with a particular final cost objective (i.e., attributed to a specific program).

Fringe benefits:

- Verify these costs from salaries are reported by the type of benefit individually (health insurance plans, medical leave, etc.) or the benefit rate is specified

Equipment, Supplies and Contracts

- Grantees should maintain files that verify procurement requirements are met and document relevance to the project/program.

Travel:

- Documentation should include purpose of trip, how it aligns with program needs and include receipts.

Typical Examples of Indirect Costs



Depreciation on buildings and equipment



Costs of operating and maintaining facilities



General administration expenses

- Such as executive officer's salaries, personnel administration, and accounting.

Classification of Costs: Indirect Costs

Indirect Costs (2 CFR § 200.414)

Indirect costs are the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs

Example: The Safe Housing Organization's CEO will work on the CPF project in conjunction with his/her regular duties. These costs generally include:

- Administrative Salaries (a percentage of their salary as determined by a formula)
- Facility Operation and Maintenance (a percentage of the salary as determined by a formula)
- Depreciation (a percentage of the overall costs as determined by a formula)

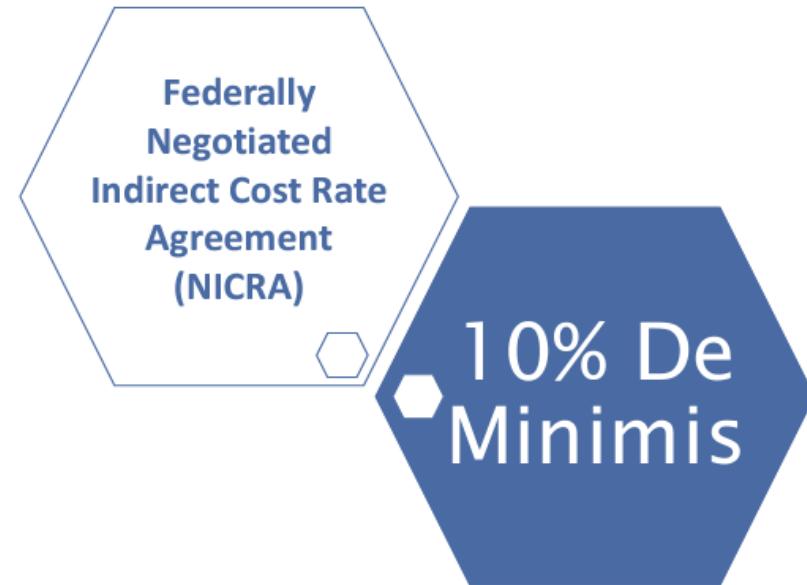
Practical Tip: Grantees should ensure when they submit their grant packages that they contain a methodology for determining types of costs and if the grantee intends to bill for indirect costs, there should be a dedicated line-item in the budget. **Consistency is key!**

Methodologies or Formulas for Calculating Indirect Costs: De Minimis



There are **three ways** for grantees to determine and document their rates of indirect costs:

- 1) 10% De Minimis Rate (2 CFR 200.68)
- 2) Federally Negotiated Indirect Cost Rate Agreement (NICRA) - Existing federally approved indirect cost rate
- 3) Need a federally approved indirect cost rate



Methodologies or Formulas for Calculating Indirect Costs: De Minimis



1) De Minimis Rate (10%) (2 CFR 200.68)

Many CPF grantees will select this option because they do not have an indirect cost rate that has been federally approved; that is okay. It is not needed for agencies receiving less than \$35M per year in direct Federal funding. This includes most nonprofit organizations and local units of government.

De Minimus is calculated by taking 10% of modified total direct costs (MTDC).

Modified Total Direct Cost (MTDC) Required for De Minimis Rate



Modified Total Direct Costs MTDC = (Grant Award – Excluded Direct Costs*)



- **MTDC means** all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the I-2 portion of each subaward and subcontract in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.
- MTDC Example: If a sponsor requires 10% MTDC indirect cost rate, excluding capital equipment, and you have budgeted \$10,000 for equipment, the direct cost base would be calculated as: \$100,000 (total direct costs) - \$10,000 (equipment) = \$90,000

Methodologies for Calculating Indirect Costs: De Minimis

10% De
Minimis

Grant Amount: \$350,000 Approved ICR: 10%				
	Period 1	Period 2	Period 3	Period 4
Direct Costs	\$38,872	\$33,454	\$30,453	\$22,828
<i>Salaries (Personnel)</i>	16,280	15,960	19,829	16,546
<i>Fringe Benefits</i>	2,442	2,394	2,974	2,482
<i>Contractual</i>	150	1,900	1,650	1,800
Equipment	15,000	3,000	-	-
Supplies	1,000	1,200	1,000	-
Subawards	4,000	9,000	5,000	2,000
Indirect Costs (De Minimis 10%)	\$2,387	\$3,045	\$3,045	\$2,283
Total Actual Amount	\$41,259	\$36,499	\$33,499	\$25,111

For period 1, the actual indirect costs are calculated as 10% of \$23,827
(\$16,280 + \$2,442 + \$150 + \$1,000 + \$4,000)

Methodologies for Calculating Indirect Costs: Existing Rates (NICRA)



2) Have an existing federally approved indirect cost rate

Some large nonprofit organizations or government entities have an existing federally approved indirect cost rate. If so, a grantee may use the rate and distribution base specified in their indirect cost rate proposal.

An organization can choose to calculate its negotiated ICR in one of two ways:

- based on Total Direct Labor or
- based on Total Direct Salaries.

Methodologies for Calculating Indirect Costs: Existing Rates (NICRA)



Total Direct Labor Approach

Considers the total direct salaries and fringe benefits offered to employees

Grant Amount: \$350,000
Proposed ICR: 10%

Direct Costs	\$324,125
Salaries (Personnel)	225,000
Fringe Benefits	33,750
Contractual	30,000
Equipment	15,000
Supplies	5,000
Subawards	15,375
Indirect Costs	\$25,875
Budget Grant Amount	\$350,000

Total Direct Labor ICR calculation is 10% of \$258,750 (\$225,000 + \$33,750).

Total Direct Salaries Approach

(Excluding Fringe Benefits) includes the total direct salaries but excludes fringe benefits

Grant Amount: \$350,000
Proposed ICR: 10%

Direct Costs	\$324,125
Salaries (Personnel)	225,000
Fringe Benefits	33,750
Contractual	30,000
Equipment	18,000
Supplies	5,000
Other	15,750
Indirect Costs	\$22,500
Budget Grant Amount	\$350,000

Total Direct Salaries ICR calculation is 10% of \$225,000.

Methodologies for Calculating Indirect Costs: Existing Rates (NICRA) Examples from HHS, DOL, and DOI



NONPROFIT RATE AGREEMENT

EIN: 22-2096315

ORGANIZATION: [REDACTED]

DATE: 10/05/2020

FILING REF.: The preceding agreement was dated 09/17/2018

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: INDIRECT COST RATES

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

EFFECTIVE PERIOD

TYPE	FROM	TO	RATE (%)	LOCATION	APPLICABLE TO
FINAL	01/01/2016	12/31/2018	28.00	All	All Programs
PROV.	01/01/2019	12/31/2021			Use same rates and conditions as those cited for fiscal year ending December 31, 2018.

*BASE

Total direct costs excluding capital expenditures (buildings, individual items of equipment; alterations and renovations) and subawards.

NEGOTIATED INDIRECT COST RATE AGREEMENT

NON-FEDERAL ENTITY: [REDACTED]

EIN: 83-0280532

DATE: 6/16/2021

FILE REFERENCE: This replaces the agreement dated 8/8/2018

The indirect cost rate(s) contained in this Agreement are for use on grants, contracts, and other agreements with the Federal Government. This Agreement was negotiated by **Volunteers of America Northern Rockies** (non-Federal entity) and the **U.S. Department of Labor** in accordance with the authority contained in the Federal Acquisition Regulation (FAR) for commercial entities, or Title 2 of the Code of Federal Regulations, Part 200 for nonprofit and state/local entities. This Agreement is subject to the limitations in Section II, A, below.

When applicable, the rates presented in this Agreement may only be applied to: (1) cost-reimbursement contracts and (2) actual costs for materials in time-and-materials (T&M) contracts. Any indirect rates for labor costs in T&M, labor-hour and fixed-price contracts must be negotiated with the Contracting Officer during pre-award in accordance with FAR Part 15.404-1(c).

SECTION I: RATES

TYPE	APPROVAL	FROM	TO	RATE	BASE	LOCATION	APPLICABLE TO
Indirect	Final	07/01/2019	06/30/2020	15.19%	Other-1	Loc-1	AP-2
Indirect	Provisional	07/01/2020	06/30/2021	12.57%	Other-1	Loc-1	AP-2
Indirect	Provisional	07/01/2021	06/30/2022	15.19%	Other-1	Loc-1	AP-2

(SEE SPECIAL REMARKS)

BASE(S):

Other-1: Total direct costs excluding capital expenditures, subcontracts over \$25,000, and flowthrough funds.

LOCATION:

Loc-1: All Locations

APPLICABLE TO:

AP-2: DOL HVRP Awards



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Nonprofit Organization Indirect Cost Negotiation Agreement

EIN: 52-1786577

Date: 04/28/2022

Organization: [REDACTED]

Report Number: 2022-0089

Filing Ref.:
Last Negotiation Agreement
dated: 03/26/2021

The indirect cost rates contained herein are for use on grants, contracts, and other agreements with the Federal Government to which Public Law 93-638 and/or 2 CFR Part 200 apply subject to the limitations contained in Section II, A, of this agreement. The rates were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Section I: Rate

Start Date	End Date	Rate Type	Name	Rate	Base	Location	Applicable To
01/01/2020	12/31/2020	Final	Indirect	18.73 %	(A)	All	All Programs
			Name	Rate	Base	Location	Applicable To
01/01/2022	12/31/2022	Provisional	Indirect	20.33 %	(A)	All	All Programs

(A) Base: Total direct costs, less capital expenditures, depreciation, and the portion of subawards in excess of the first \$25,000.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Treatment of paid absences: Vacation, holiday, sick leave, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for the salaries and wages. Separate claims for the costs of these paid absences are not made.

US Department of the Interior (DOI)

US Department of Health and Human Services (HHS)

Above are examples of rate agreements not specific for CPF grants. They are provided for reference only.

US Department of Labor (DOL)

CPF FY22 and FY23 Grantee Training: Cost Rates



3) Need a federally approved indirect cost rate

A **few** entities fall into the category of needing a federally approved indirect cost rate but don't have one. These are governments whose direct annual federal income exceeds \$35 million and/or whose existing indirect cost rate for all activities may not be appropriate. In this case, CPF grantees must proceed with negotiating an indirect cost rate with HUD (via the US Department of Health and Human Services "HHS") or elect not to charge indirect costs.

CPF Grantee Training: Cost Rates – CPF Grant Agreements



- **Page 13 / Appendix 3:**

PLEASE NOTE: The grantee must check one of the two boxes.

If the second box is checked, the corresponding table must be completed.

- The table must include each indirect cost rate that will be used to calculate the indirect costs for the grant.
- The table must also specify the type of direct cost base to which each included indirect cost rate applies.
 - For example, Modified Total Direct costs (MTDC)
 - Do not include indirect cost rate information for subrecipients
- **For governmental entities**, enter on separate lines each agency or department that will carry out activities under the grant, the indirect cost rate applicable to each agency/department (including if the de minimis rate is used, and the type of direct cost base to which the rate will be applied).
- **For nonprofit organizations** that use the “Simplified Allocation Method” for indirect costs or elects to use the de minimis rate of 10% of Modified Total Direct Costs, enter the applicable indirect cost rate and type of direct cost base in the first row of the table.
- **For nonprofit organizations** that use the “Multiple Allocation Base Method”, enter each major function of the organization for which a rate was developed and will be used under the grant, the indirect cost rate applicable to that major function, and the type of direct cost base to which the rate will be applied.

APPENDIX 3 – Grantee’s Indirect Cost Rate Information

Subject to the applicable requirements in 2 CFR part 200 (including its appendices), the Grantee will use an indirect cost rate as represented by the Grantee below:

The Grantee will not use an indirect cost rate to charge its indirect costs to the grant.

The Grantee will use the indirect cost rate(s) identified in the table below to charge its indirect costs to the grant.

Agency/Dept./Major Function	Indirect cost rate %	Direct Cost Base

[PLEASE NOTE: The grantee must check one of the two boxes above. If the second box is checked, the corresponding table must be filled out as described below.

The table must include each indirect cost rate that will be used to calculate the Grantee’s indirect costs under the grant. The table must also specify the type of direct cost base to which each included rate applies (for example, Modified Total Direct Costs (MTDC)). Do not include indirect cost rate information for subrecipients.

For government entities, enter each agency or department that will carry out activities under the grant, the indirect cost rate applicable to each department/agency (including if the de minimis rate is used per 2 CFR 200.414), and the type of direct cost base to which the rate will be applied.

For nonprofit organizations that use the Simplified Allocation Method for indirect costs or elects to use the de minimis rate of 10% of Modified Total Direct Costs in accordance with 2 CFR 200.414, enter the applicable indirect cost rate and type of direct cost base in the first row of the table.

For nonprofit organizations that use the Multiple Allocation Base Method, enter each major function of the organization for which a rate was developed and will be used under the grant, the indirect cost rate applicable to that major function, and the type of direct cost base to which the rate will be applied.]

Grantees and Cost Rates: Not Use an Indirect Cost Rate

Not Use an Indirect Cost Rate

Grantees should **ensure that they checked the 1st box**: "The Grantee will not use an indirect cost rate to charge its indirect costs to the grant.":

APPENDIX 3 – Grantee’s Indirect Cost Rate Information

Subject to the applicable requirements in 2 CFR part 200 (including its appendices), the Grantee will use an indirect cost rate as represented by the Grantee below:

- The Grantee will not use an indirect cost rate to charge its indirect costs to the grant.
- The Grantee will use the indirect cost rate(s) identified in the table below to charge its indirect costs to the grant.

Agency/Dept./Major Function	Indirect cost rate	Direct Cost Base
_____	_____ %	_____
_____	_____ %	_____

Grantees and Cost Rates: De Minimis

De Minimis

Grantees should **ensure that they checked the 2nd box** “The Grantee will use the indirect cost rate(s) identified in the table below to charge its indirect costs to the grant”, complete row 1 in the table, and check the calculation before submitting to HUD:



APPENDIX 3 – Grantee’s Indirect Cost Rate Information

Subject to the applicable requirements in 2 CFR part 200 (including its appendices), the Grantee will use an indirect cost rate as represented by the Grantee below:

- The Grantee will not use an indirect cost rate to charge its indirect costs to the grant.
- The Grantee will use the indirect cost rate(s) identified in the table below to charge its indirect costs to the grant.

Agency/Dept./Major Function	Indirect cost rate _____ %	Direct Cost Base _____ %

Grantees and Cost Rates: Have a Rate

Have a Rate

Grantees should ensure that they checked the 2nd box, **completed the table, and attached the letter from their cognizant agency with the approved rate**. In addition, Grantees should verify that the percentage rate in your letter matches the percentage used in the table before submitting it to HUD.

APPENDIX 3 – Grantee’s Indirect Cost Rate Information



Subject to the applicable requirements in 2 CFR part 200 (including its appendices), the Grantee will use an indirect cost rate as represented by the Grantee below:

- The Grantee will not use an indirect cost rate to charge its indirect costs to the grant.
- The Grantee will use the indirect cost rate(s) identified in the table below to charge its indirect costs to the grant.

Agency/Dept./Major Function	Indirect cost rate _____ %	Direct Cost Base _____ %

Grantees and Cost Rates: Need a Rate



Need a Rate

Negotiating an indirect cost rate with HUD is complicated and can take time.

There are likely few (if any) governments for which a CPF grant will move over the \$35M threshold.

If a Grantee believes they are in this situation, they should notify their Grant Officer for further guidance.

Grantees cannot incur indirect costs without a negotiated indirect cost rate.

2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

- Allowable Costs: 2 CFR Part 200, subpart E
- Reasonable and Necessary Costs: 2 CFR §200.402 and .403
- Direct Costs: 2 CFR §200.413
- Indirect Costs: 2 CFR §200.414
- Modified Total Direct Costs (MTDC): 2 CFR 200.68
- States, Local Government and Indian Tribe Indirect Cost Proposals: 2 CFR §200
- Indirect Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations: 2 CFR §200 Appendix IV

Cost Rate Resources

Cost Rate Resources Shared During the Webinar

- All Community Project Funding Grantees
 - Code of Federal Regulations 2 CFR Subpart E
<https://www.ecfr.gov/current/title-2/part-200/subpart-E>
 - CPF Supplemental Information on Indirect Costs
<https://www.hud.gov/sites/dfiles/CPD/documents/Indirect-Spending-Supplement-for-Grantees.pdf>
- FY2022 Community Project Funding Grantees
 - FY2022 Community Project Funding Grant Guide (Version 2.0)
<https://www.hud.gov/sites/dfiles/CPD/documents/FY22-CPF-Grant-Guide-v.2.0.pdf>
 - FY2022 COF Grantee Award Package Completion Checklist
<https://www.hudexchange.info/resource/6905/cpf-grantee-award-package-completion-checklist/>
- FY2023 Community Project Funding Grantees
 - FY2023 Community Project Funding Grant Guide (Version 1.0)
<https://www.hud.gov/sites/dfiles/CPD/documents/2023-CPF-Grant-Guide-Award-Instructions-Version-1.0.pdf>

Thank You!

Upcoming Additional Community Project Funding Technical Assistance Support

- On-Call Technical Assistance Opportunities
- eGuides, How-To Videos, and Microlearning Videos

Support Shared During the Webinar

- HUD Exchange Community Project Funding Website
<https://www.hudexchange.info/programs/cpf/>
- For the Congressional Grants Division “Ask-A-Question” Help Desk visit
<https://www.hudexchange.info/program-support/my-question/>
- Grantees can identify their CPF Grant Officer at
<https://www.hud.gov/sites/dfiles/CPD/documents/Community-Project-Funding-Portfolio-Assignments.pdf>
- For information about the Community Project Funding Program and for regular updates
 - Subscribe to the HUD Exchange Community Project Funding Listserv:
<https://www.hudexchange.info/mailinglist/subscribe/>