Moving Public Transportation
Into the Future

# Claiming Indirect Costs Under Federal Grant Awards
# 2 CFR § 200 Guidance

**January 12, 2021**


***Presented by:***

**Rich Garrity**

**RLS & Associates, Inc.**

# Session Content

1 Why Cost Allocation Is Confusing

2 Understanding Direct/Indirect Costs

3 Indirect Costs Rate Proposals (ICRPs)

4 Changes to 2 CFR § 200

5 Questions & Answers

# About This Training

- **Built Upon the National RTAP Publication**
  - **"Fundamental Financial Management for Rural Transit Providers"**
    - **Chapter 2 – 2 CFR § 200**
    - **Chapter 4 – Understanding Direct and Indirect Costs**

Section 1

# DEFINING A STANDARDIZED APPROACH TO COST ALLOCATION ISSUES

# Types of Cost Allocation

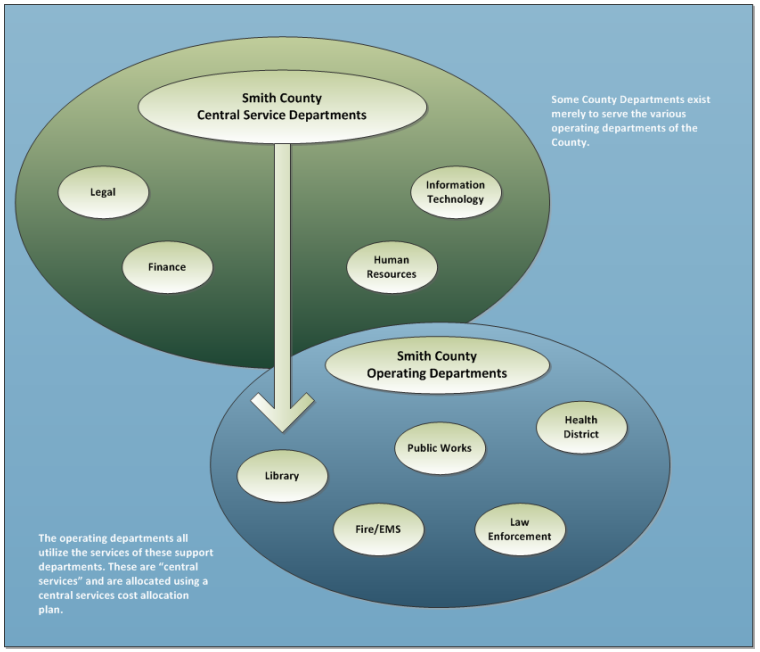
- **Financial Based Cost Allocation**
- **Service Based Cost Allocation Plans**

# Financial Based Cost Allocation

- **Two Types**
  - **Central Service Cost Allocation Plans**
  - **Indirect Cost Allocation Plans**

# Financial Based Cost Allocation #1

- **Central Services Cost Allocation Plan**
  - **A Publicly Sponsored Transit Program Benefits from the Services of Other Governmental Units and Desires to Claim Costs Incurred by these Units Under its Various Federal Awards**



# Financial Based Cost Allocation #1

- **Central Services Cost Allocation Plan**
  - **The Public Entity or Governmental Unit Must Prepare a "Central Services Cost Allocation Plan"**

# Financial Based Cost Allocation #2

- **Indirect Cost Allocation Plan**
  - **An Entity (Public or Private Nonprofit) Provides Multiple Program Services**
  - **Certain Overhead and Administrative Costs Incurred by the Entity Benefit All Programs and Services, Including Transit**
    - **The Agency Seeks to Recoup These Costs in Their Billings to Various Federal Agencies**
    - **The Entity Requires an Approved "Indirect Cost Allocation Rate" in Order for Such Costs to be Reimbursable by the Federal Government**

# Service Based Cost Allocation

- Allocate Costs to Various Types/Modes/Services
- Price Service Provided Under Contract
- Urban/Rural Cost Allocation
  - Required by FTA
- Charter Cost Allocation
- Local Match Allocation Plan

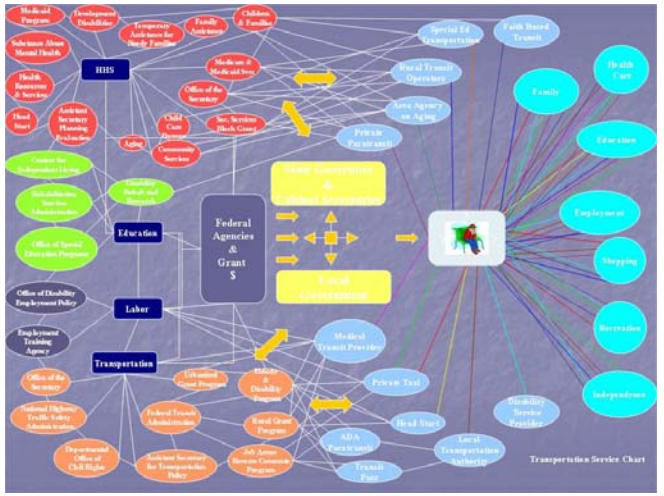
# Service Based Cost Allocation

- **Allocate Costs to Different Modes**
  - **A Public Transit Agency Operates a Fixed Service**
  - **Under the ADA Rule, the Entity Must Also Operate Complementary Paratransit**
  - **NTD Generally Requires Expenses be Split by Mode of Service**
    - **MB = Motor Bus**
    - **DR = Demand Response**

# Service Based Cost Allocation

## Price Service Provided Under Contract

- **Price Service Provided Under Contract**
  - **A Public Transit Agency Coordinates Service With Various Human Service Agencies In The Area**
  - **The Transit Agency Needs A "Fully Allocated Cost Analysis" To Determine How To Price Contract Services**



# Service Based Cost Allocation

- **Urban/Rural Cost Allocation**
  - **A Transit Agency Receives Funding Under Both FTA Section 5307 And Section 5111**
  - **FTA Expects the Grantee to Develop a Reasonable Basis for Allocating Operating Costs Between the Two Funding Sources that is Related to the Service Provided**
  - **FTA Requires a "Cost Allocation Plan" to Distribute Costs to the Two Different, But Related Programs**

# Service Based Cost Allocation

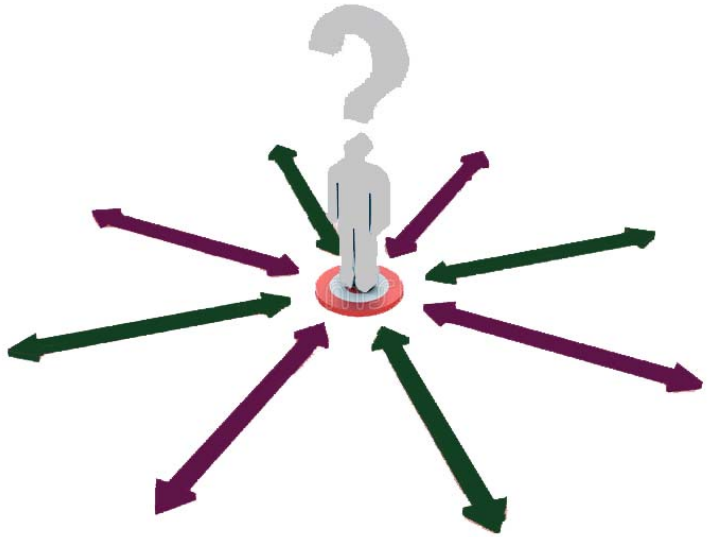
- **Charter Service**
  - **A Transit Agency Provides Charter Service in Accordance with 49 CFR part 604**
  - **The Transit Agency Must Demonstrate That it Fully Recovers the Cost of Charter Service**
    - **Charter Service is NOT Eligible Public Transportation Service**
      - **Losses from Charter Operations Cannot be Billed to Any FTA Program**
  - **The Agency Requires a "Charter Service Allocation Plan"**

# Service Based Cost Allocation

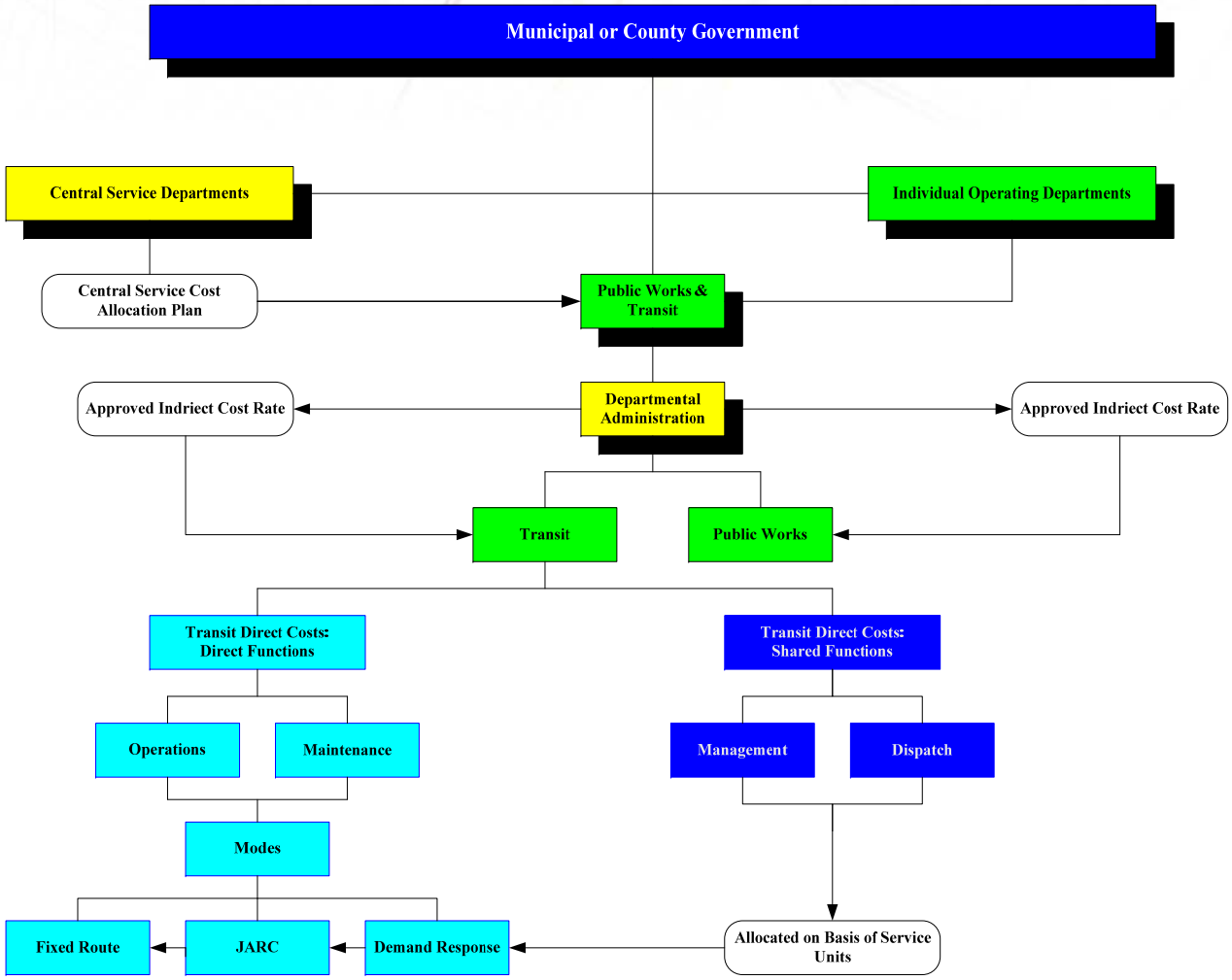
- **Local Match Allocation Plan**
  - **A Regional Transit Authority Provides Service Over a Multi-Jurisdictional Service Area**
  - **Each Participating Local Entity Must Share Responsibility for Funding a Portion of the Local Share**
  - **The Authority Must Allocate Local Funding Needs In An Equitable Manner To All Participating Jurisdictions**

# Multiple Allocation Plans

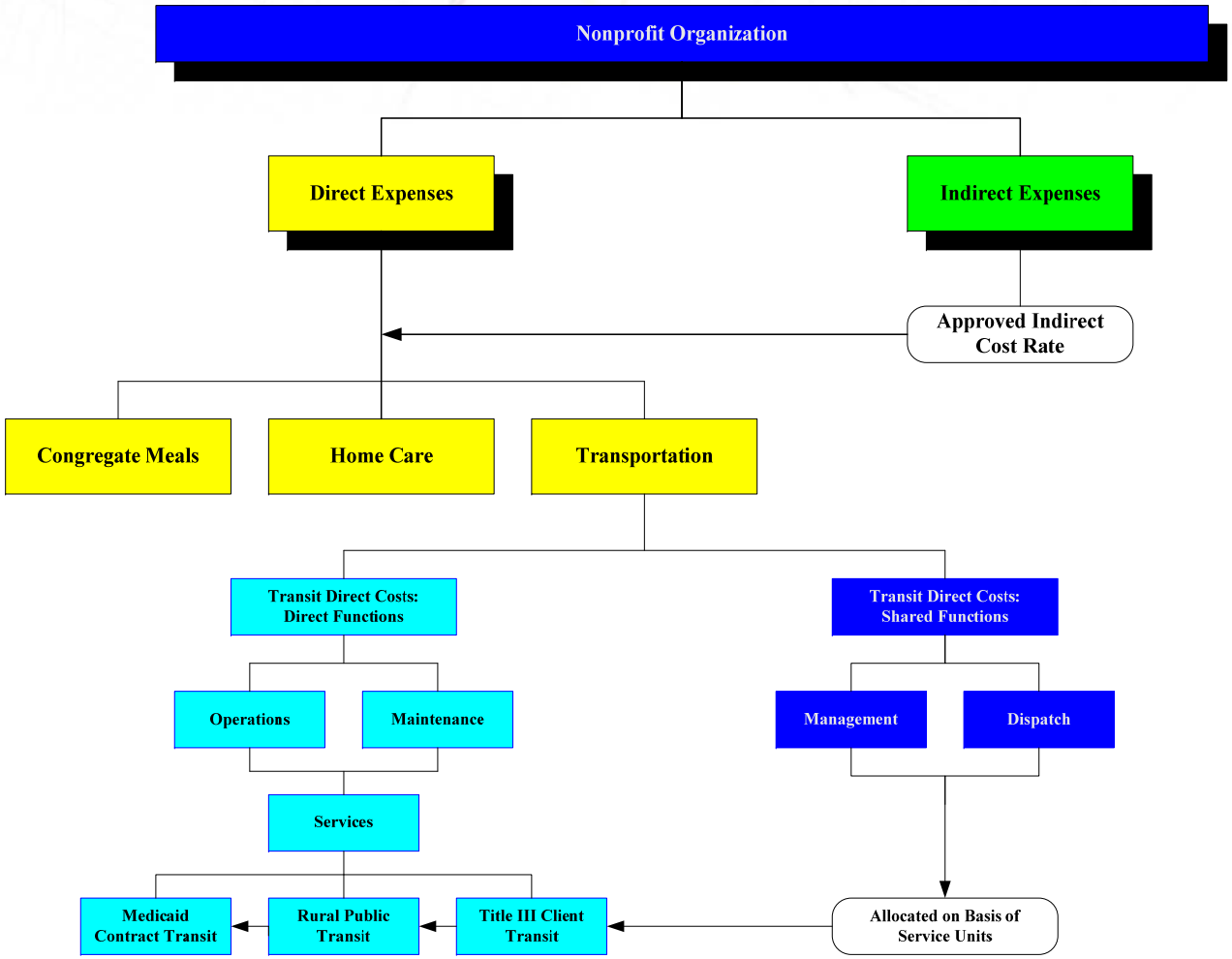
- **For Some Entities that Seek to Fully Identify the Cost of Transit Service, Multiple Cost Allocation Strategies May be Necessary**



# Multiple Allocation Plans



# Multiple Allocation Plans



Section 2

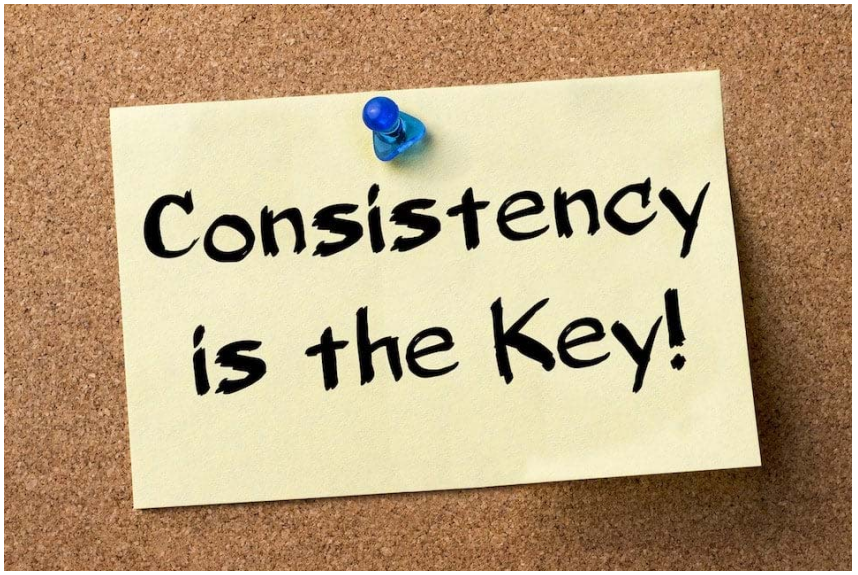
# UNDERSTANDING THE CONCEPT OF DIRECT AND INDIRECT COSTS

# Principle

- **There Is No Universal Rule For Classifying Certain Costs as Either Direct or Indirect (F&A) Under Every Accounting System**

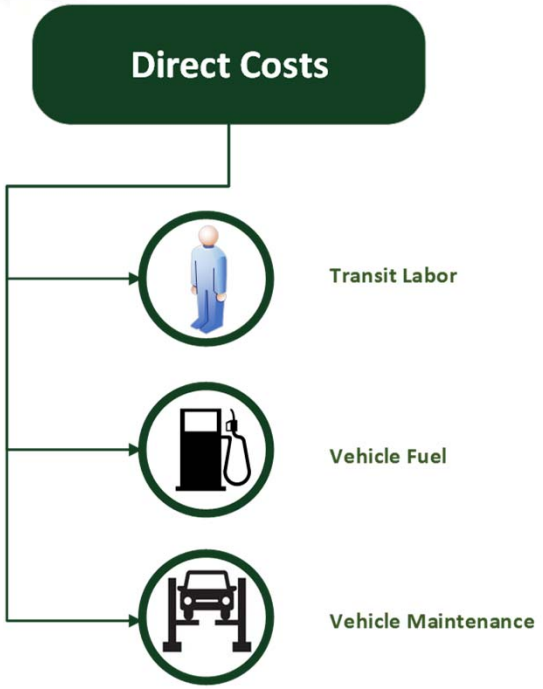
# Principle

- **Each Item of Cost Incurred For the Same Purpose Be Treated Consistently In Like Circumstances Either as a Direct or An Indirect (F&A) Cost In Order To Avoid Possible Double-Charging of Federal Awards**



# Direct Costs

- **Those Expenses Incurred by the Recipient of Subrecipient That Are <u>Directly</u> Related and Strictly Benefit <u>Only</u> the Public Transportation Program**



# Direct Costs

- **Transit Examples:**
  - **Operator's Salaries & Wages**
  - **Dispatcher's Salaries & Wages**
  - **Contract Vehicle Maintenance**
  - **Fuel & Lubricants Consumed**
  - **Tires and Tubes Consumed**
  - **Purchased Transportation**

# Direct Costs

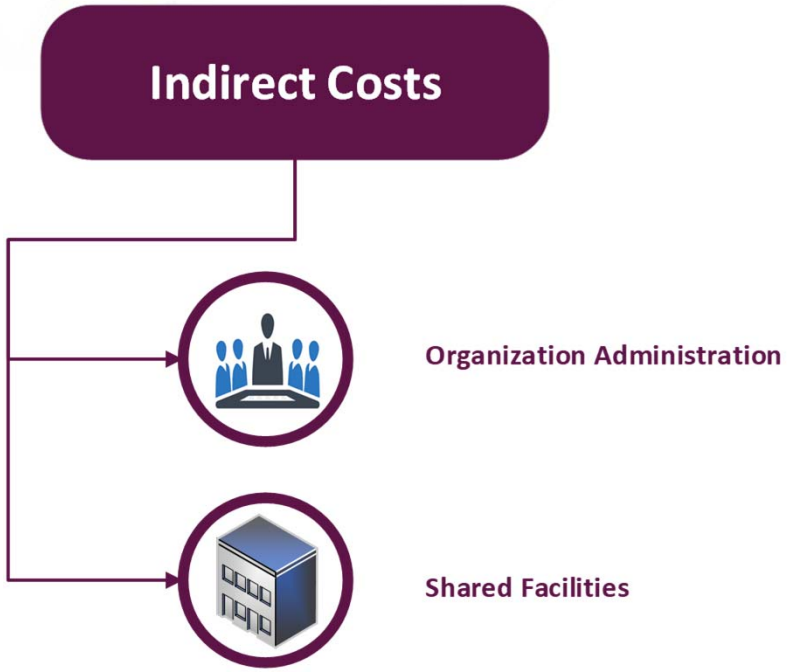
- **Classification of Direct Salaries May Present Challenges**
  - **Must Be Based on Actual, After-the-Fact Determinations**
    - **Specific Activity Performed/Benefitting Unit of Government**
      - **Transit – Direct Cost**
      - **Multiple Units (Transit and Others) – Indirect Cost**
- **Budget Estimates Should Not Be Used**

# Direct Costs

- **Difficult Classification of Direct Costs**
  - **Minor Items Normally Considered Direct Costs May be Treated as Indirect Costs**
    - **Accounting Treatment is Consistent Among All Federal Grant Programs**

# Indirect Costs (F&A)

- **Indirect Costs Are Those That Have Been Incurred For Common or Joint Purposes**



# Indirect Costs (F&A)

- **These Costs Benefit More Than One Cost Objective and Cannot Be Readily Identified With a Particular Final Cost Objective Without Effort Disproportionate To the Results Achieved**
- **New Concepts**
  - **Indirect Costs are Now Referred to as Indirect (F&A) Costs**
    - **F = Facilities**
    - **A = Administration**

# Indirect Costs (F&A)

- **Separate Designation of Federal Agency Responsibilities**
  - **Cognizant Agency for Audit**
  - **Cognizant Agency for Indirect Costs**
  - **May Not Be the Same Agency**

# Indirect Costs (F&A)

- **Facilities and Administration**
  - **Indirect Costs Must Be Pooled in These Two Categories for Institutions of Higher Education (IHEs) and Major Nonprofits**
  - **Not Required for State and Local Governments, Indian Tribal Organizations**
    - **May Use Own Indirect Cost Pools**

# Indirect Costs (F&A)

- **A Cost May Not Be Allocated To a Federal Award As An Indirect Cost If Any Other Cost Incurred For the Same Purpose, In Like Circumstances, Has Been Assigned To a Federal Award As a Direct Cost**

# Indirect Costs (F&A)

- **Facilities and Administration**
  - **Range of Circumstances at the Local Level Means that Federal Agencies Cannot Provide Prescriptive Guidance on What Costs Constitute Direct vs. Indirect**

# Indirect Costs (F&A)

- **Facilities and Administration**
  - **Examples**
    - **Central Service Costs**
    - **General Administration of the Organization**
    - **Accounting, Legal, Human Resource Services Performed on Behalf of Multiple Departments Within the Organization, Including Public Transit**
    - **Costs of Operating and Maintaining Shared Facilities**

# Allowability of Indirect Costs

- **Allowable, to the Extent the Charges Conform to an Approved Indirect Cost Rate**
- **Indirect Costs Are Normally Charged to Federal Awards By the Use of An Indirect Cost Rate**
- **A Separate Indirect Cost Rate(s) Is Usually Necessary For Each Department or Agency of the Governmental Unit Claiming Indirect Costs Under Federal Awards**

# Indirect Costs

- **How Can We Tell if We Need An Indirect Cost Allocation Plan? If a Transit System Incurs Costs That Are:**
  - **Accumulated in the Accounts of Another Department or Division of the Organization**

    **….Likely that an Indirect Cost Plan is Required**

# Allowability of Indirect Costs

- **Will All Transit Agencies Incur Indirect Costs?**
  - **No**
    - **Independent Transit Authorities**
    - **Other Units That Do Not Rely on Central Services**

Section 3

# INDIRECT COST RATE PROPOSAL PREPARATION, METHODS AND RATES

# Indirect Cost Rate

- General Rules
- Preparation
- Methods
- Rates

# Indirect Cost Rate

- **An Indirect Cost Rate Is a Device For Determining In a Reasonable Manner the Proportion of Indirect Costs Each Program Should Bear**
- **Usually Expressed as a Ratio of Indirect Costs To a Direct Cost Base**
- **Documented in an Indirect Cost Rate Proposal (ICRP)**

# Indirect Cost Rate Proposal

- **Definition**
  - **The Documentation Prepared By a Governmental Unit, Subdivision Thereof, or Nonprofit Organization To Substantiate Its Request for the Establishment of an Indirect Cost Rate**

# Indirect Cost Rate Proposal

- **Guidance**
  - **Primary Guidance**
    - **State and Local Governments**
      - **2 CFR § 200, Appendix VII, "States and Local Government and Indian Tribe Indirect Cost Proposals"**
    - **Nonprofits**
      - **2 CFR § 200, Appendix IV, "Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations"**

# Indirect Cost Rate Proposal

- **Practical Issues Confronting Non-Federal Entities**
  - **Transit May Be One of the Only Department, Program, or Activity of the Local Governmental Unit Able to Seek Reimbursement of Indirect Costs**
    - **Local Government Management May Not Embrace the Costs/Benefits of Preparing an Indirect Cost Rate Proposal**
  - **Grant Funds Are Capped**
    - **Entity Can Draw Down All Allocated Funds With Direct Costs**
    - **What is the Point?**

# Submission

- **Submission Should be Made to the Cognizant Agency for Indirect Costs**
  - **This is the Entity Responsible for the Following in Indirect Cost Rate Proposals:**
    - **Review**
    - **Negotiation**
    - **Approval**

# Cognizant Agency for Indirect Costs

- **Public Entities That Receive More Than $35,000,000 Must Submit Its Indirect Cost Rate Proposal to the Cognizant Agency for Indirect Costs**
  - **OMB Designates Cognizant Agency**
- **Other Public Entities Develop Indirect Cost Rate Proposals, Use the Rates, and Maintain All Proposal Documentation On File**
  - **Submit Upon Request**
  - **Generally, Federal Agency Awarding the Most Funds Serves as Cognizant Agency**

# Cognizant Agency for Indirect Costs

- **KEY Element For Pass-Through Entity and Subrecipients**
  - **Where a Non-Federal Entity Only Receives Funds As a Subrecipient, the Pass-Through Entity Will Be Responsible For Negotiating and/or Monitoring the Subrecipient's Indirect Costs**
    - **State DOT = Pass-Through Entity**
    - **Section 5311 Grantee = Subrecipient**

# ICR Methods & Rates

- **Indirect Cost Rates are Not Complicated, Nothing More Than Simple Division**
- **Indirect Costs Divided by a Direct Cost Base**
- **For Example:**

$$ICR = \frac{a}{b}$$

**[Indirect Costs (Total or S & W Indirect)]**

**[Direct Cost Base (Total, MTDC, or S & W)]**

# ICR Methods & Rates

- **Key Elements to Understanding Indirect Cost Rate Proposals**
  - **Methods**
  - **Rates**

# ICR Methods

- **Simplified Method**
- **Multiple Allocation Base Method**
- **Special Indirect Cost Rates**
- **Direct Allocation Method (Nonprofits)**
- ***de minimis* Rate**
  - **An Automatic Ten Percent Rate May Be Used**
    - **No Indirect Cost Rate Proposal is Required**

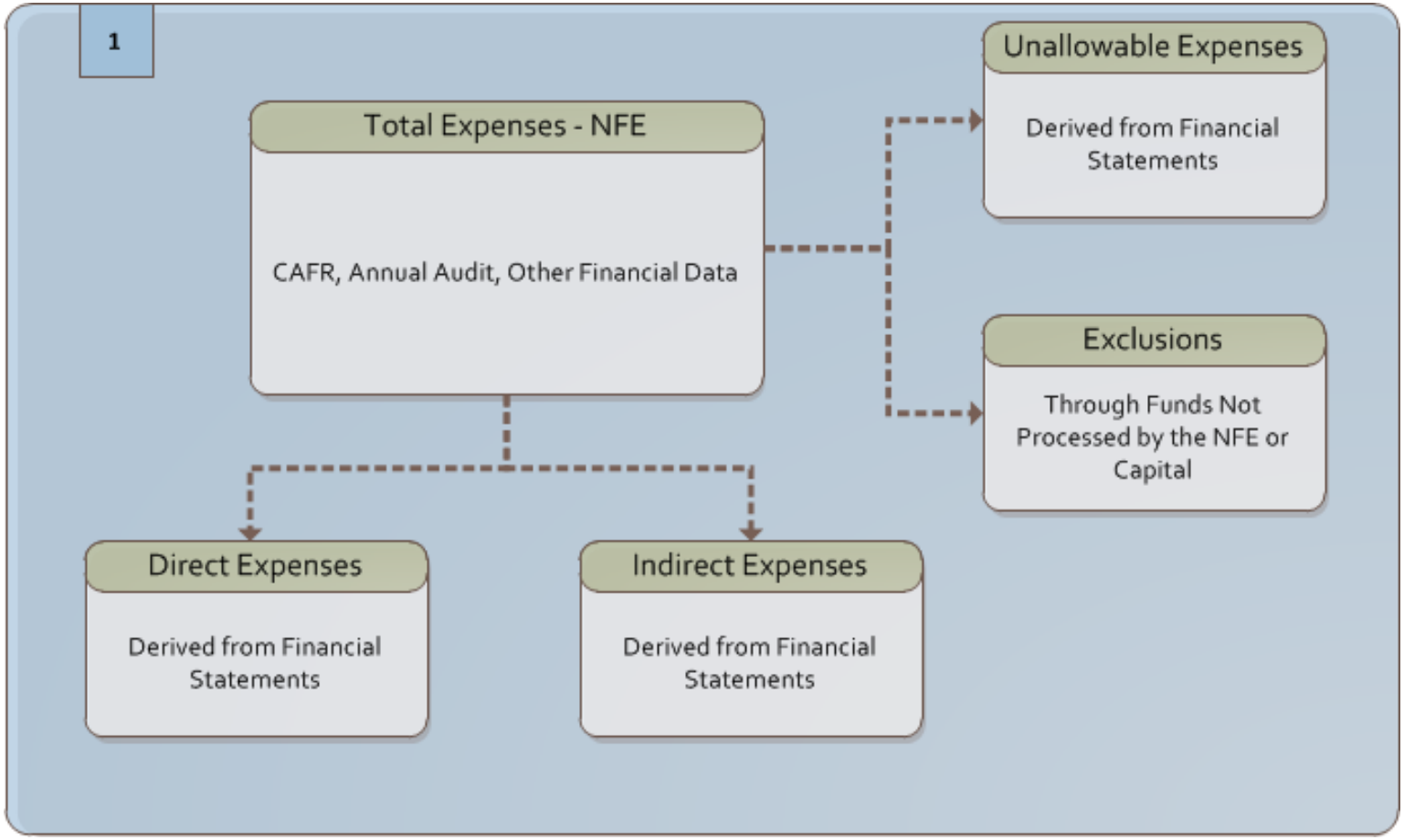
# ICR Methods

- **Simplified Method is Appropriate for Most Smaller Entities**
  - **Elements of ICRP Using Simplified Method**
    1. **Audited Financial Data (Schedules)**
       - **Direct Costs**
       - **Indirect Cost**
       - **Exclusions**
       - **Unallowable**
    2. **Distribution Basis**
       - **Salaries & Wages**
       - **Modified Total Direct Costs (MTDC)**
       - **Type of Rate**

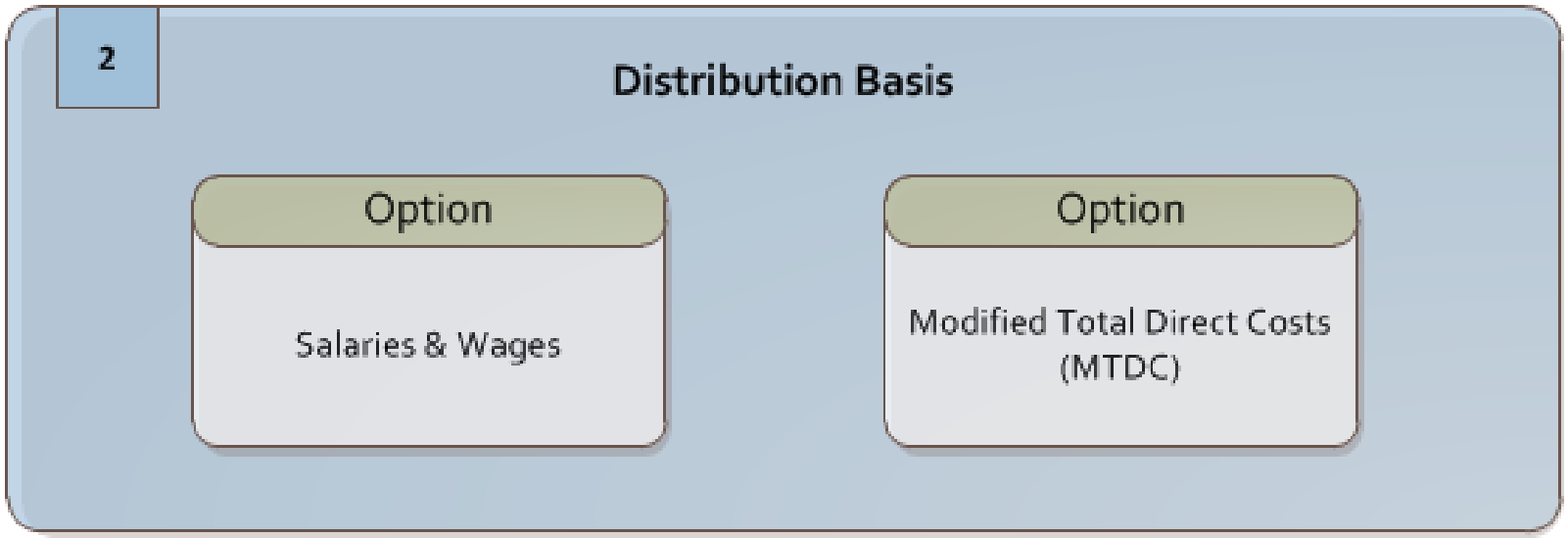
# ICR Methods

- **Simplified Method is Appropriate for Most Smaller Entities**
  - **Elements of ICRP Using Simplified Method**
    3. **Organizational Chart**
    4. **Narrative (One-Time Submission)**
       - **Departments Units Generating Direct Costs**
       - **Departments/Units Generating Indirect Costs**
    5. **Schedule of Rate Computation**
       - **Salaries & Wages**
       - **Modified Total Direct Costs (MTDC)**
    6. **Certification**

# ICRP Preparation



# ICRP Preparation



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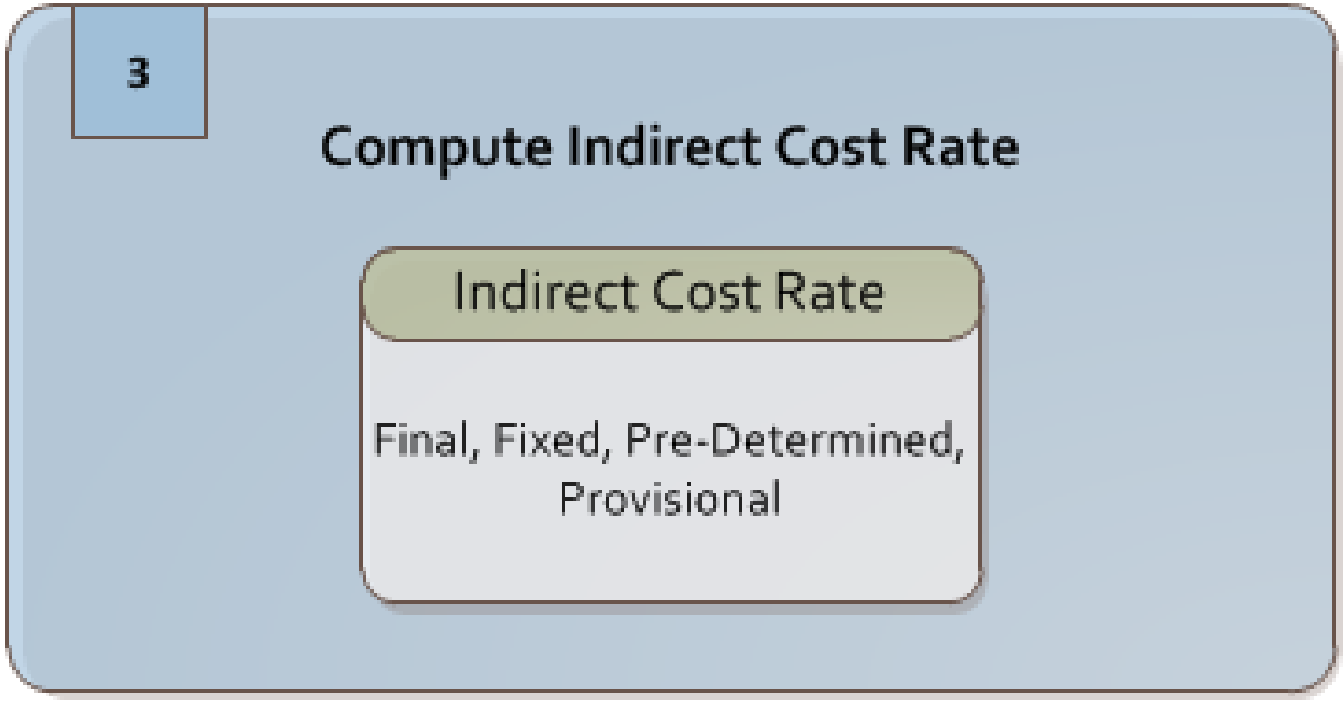
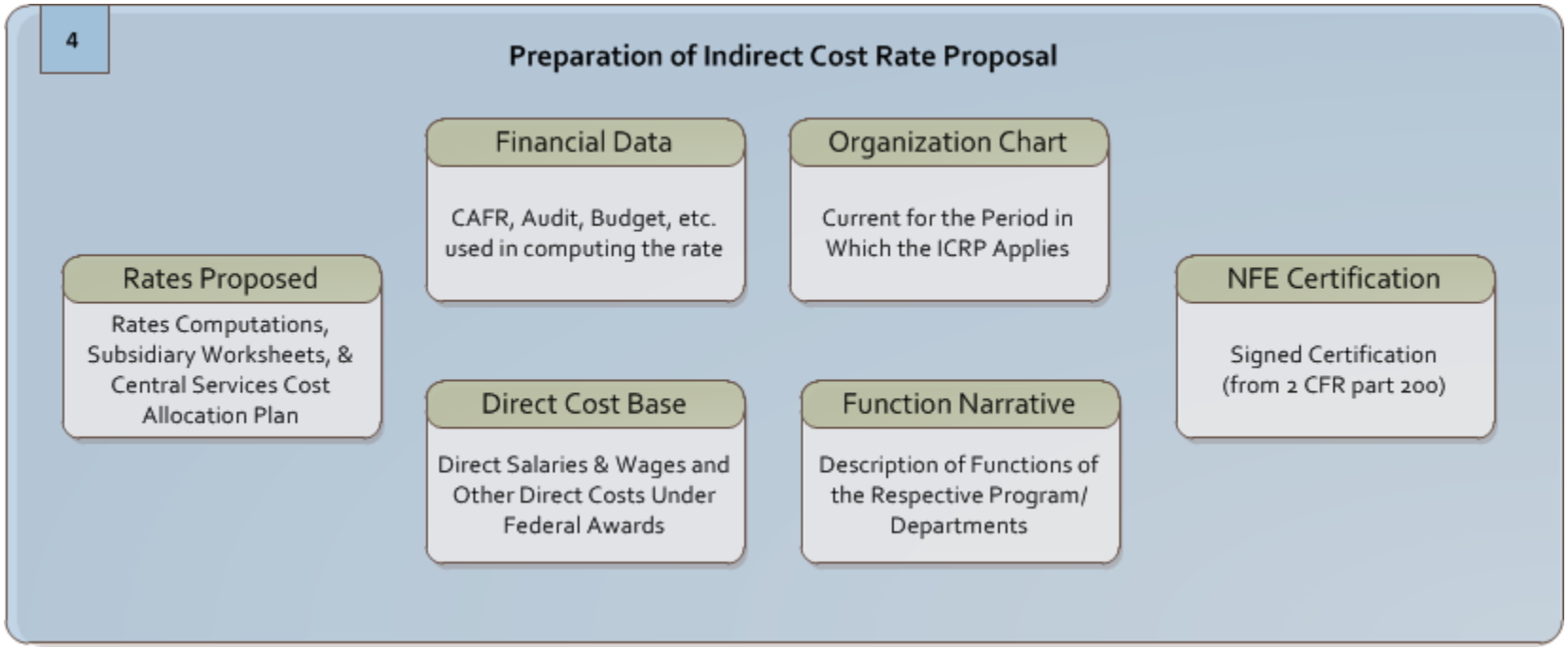


# ICRP Preparation



# ICR Methods

- **Direct Allocation Method**
  - **Only Listed as a Method for Nonprofit Agencies in 2 CFR § 200**
  - **Generally a Method Used by Small Nonprofits With Relatively Few Indirect Costs**
  - **In this Method:**
    - **The Indirect Cost is "Converted" to a Direct Cost by Applying Some Basis of Allocation to the Total Cost**
      - **Number of Handsets to Allocate Indirect Telephone Costs**
      - **Number of Transactions to Allocate Indirect Finance Costs**
      - **Number of Workstations to Allocation Indirect IT Costs**

# ICR Methods

- **Direct Allocation Method**
  - **Example**
    - **A Small Nonprofit Rents Office Space at $3,000/Month, Shared Among Three Program Services**
    - **The Agency "Converts" the Indirect Expense to a Direct Expense by Allocating Rent on the Basis of Square Footage (SF) Consumed by Each Program (Program 1: 0.1931 x $3,000 = $597.30)**

| Program | SF | Percent |
|---|---|---|
| Program #1 | 560 | 19.31% |
| Program #2 | 1,540 | 53.10% |
| Program #3 | 820 | 27.59% |
| **Total** | **2,900** | **100.00%** |

# ICR Methods

- **Direct Allocation Method**
  - **Subrecipients Should Identify, in their Grant Budget Proposals, When They are Using This Method**
  - **Appropriate for the State DOT to Verify and Approve Direct Allocation Methods Proposed for Use in Federal Awards by Subrecipients**

# ICR Methods

- **Example:**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)

Table 2 reflects the change in net position for 2013 and 2012.

Table 2
Governmental Activities
Changes in Net Position

| | 2013 | 2012 | Change |
|---|---|---|---|
| **Receipts:** | | | |
| **Program Receipts:** | | | |
| Charges for Services | $3,609,389 | $3,586,890 | $22,499 |
| Operating Grants, Contributions, and Interest | 10,870,680 | 9,966,286 | 904,394 |
| Capital Grants | | 610,923 | (610,923) |
| Total Program Receipts | 14,480,069 | 14,164,099 | 315,970 |
| **General Receipts:** | | | |
| Property Taxes Levied for General Operating | 1,661,853 | 1,641,057 | 20,796 |
| Property Taxes Levied for Lawnview 169 Board | 2,404,132 | 2,365,758 | 38,374 |
| Property Taxes Levied for Children's Services | 510,428 | 502,126 | 8,302 |
| Sales Taxes | 5,312,020 | 4,859,352 | 452,668 |
| Grants and Entitlements | 1,087,655 | 868,012 | 219,643 |
| Interest | 404,705 | 436,112 | (31,407) |
| Other | 2,221,264 | 2,945,223 | (723,959) |
| Total General Receipts | 13,602,057 | 13,617,640 | (15,583) |
| Total Receipts | 28,082,126 | 27,781,739 | 300,387 |
| **Program Disbursements** | | | |
| **General Government:** | | | |
| Legislative and Executive | 3,920,017 | 3,938,117 | 18,100 |
| Judicial | 2,338,841 | 2,242,057 | (96,784) |
| Public Safety | 4,050,913 | 3,857,664 | (193,249) |
| Public Works | 4,937,669 | 6,279,755 | 1,342,086 |
| Health | 5,026,790 | 4,903,592 | (123,198) |
| Human Services | 4,939,302 | 5,431,627 | 492,325 |
| Conservation and Recreation | 274,920 | 216,237 | (58,683) |
| Economic Development and Assistance | 702,590 | 170,914 | (531,676) |
| Capital Outlay | 149,557 | 50,499 | (99,058) |
| **Debt Service:** | | | |
| Principal Retirement | 289,060 | 313,119 | 24,059 |
| Interest and Fiscal Charges | 54,700 | 64,900 | 10,200 |
| Total Disbursements | 26,684,359 | 27,468,481 | 784,122 |
| Increase in Net Position | 1,397,767 | 313,258 | 1,084,509 |
| Net Position at Beginning of Year | 12,717,648 | 12,404,390 | 313,258 |
| Net Position at End of Year | $14,115,415 | $12,717,648 | $1,397,767 |

# ICR Methods

**Exercise No. 5 - Answers**
**Indirect Costs Schedule**
**Smith County Public Works Department**
**For the Fiscal Year Ended December 31, 2014**

| Departmental Unit | Total (A) | Exclusions (B) | Expenditures Not Allowable (C) | Indirect Costs (D) | Direct Costs: Direct Salaries and Wages (E) | Direct Costs: Other Direct Costs (F) |
|---|---|---|---|---|---|---|
| Transit | $ 568,118 | $ 63,646 | $ 790 | | $ 351,014 | $ 151,878 |
| Roads | $ 1,769,398 | $ 125,695 | $ 3,190 | | $ 1,079,178 | $ 558,145 |
| Environmental Services | $ 2,092,776 | $ 256,967 | $ 265 | $ - | $ 1,500,346 | $ 334,933 |
| Subtotal | $ 4,430,292 | $ 446,308 | $ 4,245 | $ - | $ 2,930,538 | $ 1,044,956 |
| **Departmental Indirect Costs** | | | | | | |
| Administration | $ 285,599.39 | $ - | $ - | $ 285,599 | $ - | $ - |
| Subtotal | $ 285,599.39 | $ - | $ - | $ 285,599 | | |
| **Services Furnished (But Not Billed) by Other Governmental Units** | | | | | | |
| Human Resources | $ 123,273 | | | $ 123,273 | | |
| Finance | $ 67,037 | | | $ 67,037 | | |
| Legal | $ 5,612 | | | $ 5,612 | | |
| Information Technology | $ 24,890 | $ - | $ - | $ 24,890 | $ - | $ - |
| Subtotal | $ 220,812 | $ - | $ - | $ 220,812 | $ - | $ - |
| **Total** | **$ 4,936,704** | **$ 446,308** | **$ 4,245** | **$ 506,412** | **$ 2,930,538** | **$ 1,044,956** |
| | ↑ Should reconcile to audit data, other finance data used to prepare ICRP | ↑ Exclusions include pass-through funds and capital | ↑ Although unallowable, such expenses must bear their share of indirect | ↑ Indirect costs should be accumulated in separate accounts within the accounting system | ↑ Should reconcile to audit data, other finance data used to prepare ICRP | ↑ Should reconcile to audit data, other finance data used to prepare ICRP |

# ICR Methods

**Exercise No. 6 - Answers**
**Sample Indirect Cost Rate Proposal - Simplified Method**
**Smith County Public Works Department**
**For the Fiscal Year Ended December 31, 2014**

**Summary**

| Total (A) | Exclusions and Non-Allowable (B) +(C) | Indirect Costs (D) | Modified Total Direct Cost (MTDC) (E) +(F) |
|---|---|---|---|
| $ 4,937,669 | $ 450,553 | $ 507,377 | $ 3,975,494 |

**Indirect Cost Rate Computation**

**(D) ÷ [(E) + (F)]**

$$\frac{\$\ 507,377}{\$\ 3,975,494} = 12.8\%$$

**Smith County Public Works Department proposes to use an Indirect Cost Rate of 12.8% applied to Modified Total Direct Costs in its Fedeal grant awards.**

# ICR Rates

- **Rates**
  - **Predetermined Rate**
  - **Fixed Rate**
  - **Final Rate**
  - **Provisional Rate**
  - ***de minimis* Rate**

# ICR Rates

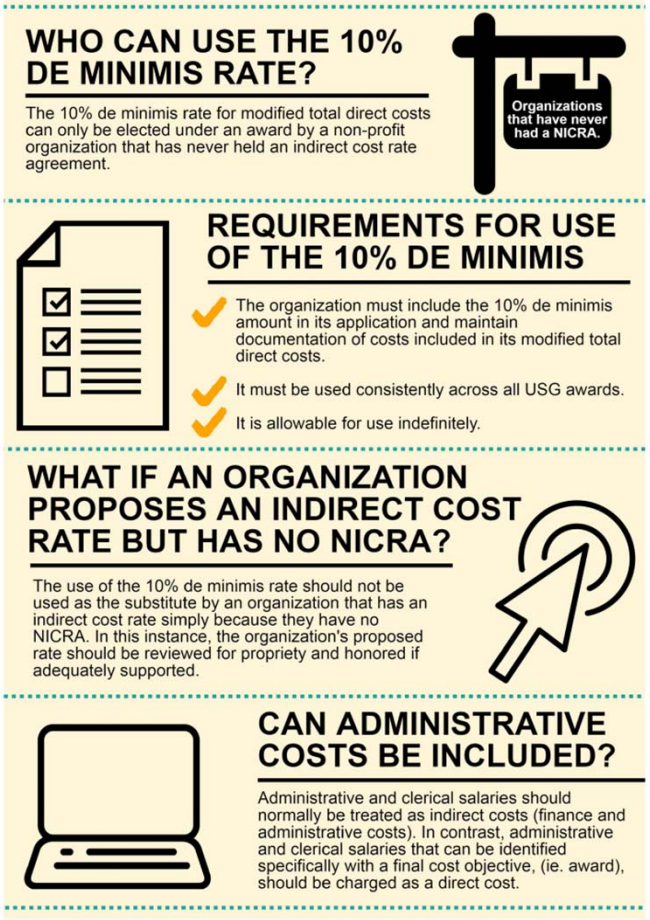
- **Rates**
  - **Predetermined Rate**
    - **The Rate is Based on an Estimate of the Costs to be Incurred During the Period**
    - **A Predetermined Rate is Not Subject to Adjustment**
  - **Fixed Rate**
    - **Same as a Predetermined Rate, Except That the Difference Between the Estimated Costs and the Actual Costs of the Period Covered by the Rate is Carried Forward as an Adjustment to the Rate Computation of a Subsequent Period**

# ICR Rates

- **Rates**
  - **Final Rate**
    - **An Indirect Cost Rate Applicable to a Specified Past Period Which is Based on the Actual Costs of the Period**
    - **A Final Rate is Not Subject to Adjustment**
  - **Provisional Rate**
    - **Provisional Rate or Billing Rate Means a Temporary Indirect Cost Rate Applicable to a Specified Period Which is Used for Funding, Interim Reimbursement, and Reporting Indirect Costs on Federal Awards Pending the Establishment of a Final Rate for the Period**

# Using the *de minimis* Rate

- **No ICRP Required**
- **Any Non-Federal Entity (Either Public or Nonprofit) May Utilize the *de minimis* Rate**



# Using the *de minimis* Rate

- **Previous or Expired Rates With the Federal Government**
  - ~~**If, at any Time the NFE Had a Prior Rate with the Federal Government, the NFE is Prohibited from Using the *de minimis* Rate**~~
  - **Effective November 12, 2020, this Previous Provision is No Longer Applicable**

# Using the *de minimis* Rate

- **Using the *de minimis* Rate as a Transitional Rate**
  - **This Practice is Permitted**
  - **An NFE May Use the *de minimis* Rate, If Otherwise Qualified, Until Such Time as a Negotiated Rate is Developed, Submitted, and Approved**

# Using the *de minimis* Rate

- **Modified Total Direct Costs**
  - **Typically, a Subset of Allowable Costs Incurred During a Grant Billing Period**
  - **MTDC Includes:**
    - **Salaries and Wages**
    - **Associated Fringe Benefits**
    - **Materials and Supplies**
    - **Services**
    - **Travel**
    - **Subawards/Subcontracts Up to the First $25,000**

# Using the *de minimis* Rate

- **Modified Total Direct Costs**
  - **MTDC Excludes:**
    - **Equipment**
    - **Capital Expenditures**
    - **Charges for Patient Care**
    - **Rental Costs**
    - **Tuition Remission, Scholarships and Fellowships**
    - **Participant Support Costs**
    - **Portion of Subawards/Subcontracts in Excess of $25,000**

# Using the *de minimis* Rate

- **Modified Total Direct Costs**
  - **The Cognizant Agency for Indirect Costs May Exclude Other Items from MTDC Avoid a Serious Inequity in the Distribution of Indirect Costs**

# Using the *de minimis* Rate

- **Modified Total Direct Costs**
  - **SubAwards/Subcontracts**
    - **The First $25,000 Allowable in MTDC is for the ”Life of the Award”**
      - **Thus, A Transit System Awarding a Three-Year Contract to a Management Company for $900,000 Would Only Be Allowed to Take A Single Allowance of $25,000 in its Calculation of MTDC**
      - **Some Consideration May be Permitted if Formal Renegotiated Within the Period of Performance of the Grant Award**

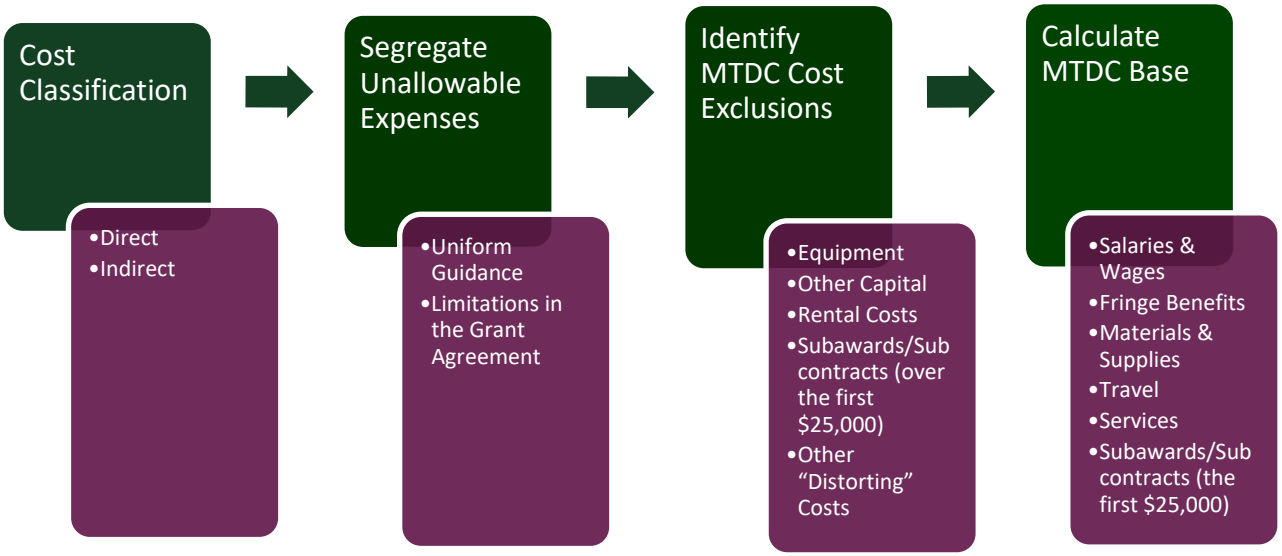
# Using the *de minimis* Rate

- **Best Practice**
  - **Detail Total Allowable Costs, Exclusions, and MTCD in a Subsidiary Worksheet to Provide Documentation of Correct Calculation of MTDC**

# Using the *de minimis* Rate

- **Allowable Indirect Costs**
  - **Modified Total Direct Costs *X* 10%**
  - **This Amount is Added to Total Allowable Costs to Compute the Total Allowable Amount During the Billing Period**

# Using the *de minimis* Rate



# MTDC Example

| Account | Description | Costs, This Period | Excluded from MTDC?? | Eligible for MTDC?? |
|---|---|---|---|---|
| 5011 | Operators' Salaries and Wages | $131,458 | | |
| 5012 | Operators' Paid Absences | 10,516 | | |
| 5013 | Other Salaries and Wages | 28,564 | | |
| 5014 | Other Paid Absences | 2,285 | | |
| 5015 | Fringe Benefits | 19,202 | | |
| 5024 | Audit Services | 24,500 | | |
| 5031 | Fuel and Lubricants | 34,233 | | |
| 5034 | Supplies | 2,675 | | |
| 5041 | Electric | 1,682 | | |
| 5051 | Physical Damage Insurance | 6,459 | | |
| 5101 | Purchased Transportation[1] | 40,000 | | |
| 5220 | Facility Lease[2] | 9,000 | | |
| 6821 | Network Server[3] | 5,500 | | |
| 6822 | Office Computer[4] | 1,299 | | |
| | **Total** | **$317,378** | | |

# Answers

| Account | Description | Costs, This Period | Excluded from MTDC | Eligible for MTDC |
|---|---|---|---|---|
| 5011 | Operators' Salaries and Wages | $131,458 | | $131,458 |
| 5012 | Operators' Paid Absences | 10,516 | | 10,516 |
| 5013 | Other Salaries and Wages | 28,564 | | 28,564 |
| 5014 | Other Paid Absences | 2,285 | | 2,285 |
| 5015 | Fringe Benefits | 19,202 | | 19,202 |
| 5024 | Audit Services | 24,500 | | 24,500 |
| 5031 | Fuel and Lubricants | 34,233 | | 34,233 |
| 5034 | Supplies | 2,675 | | 2,675 |
| 5041 | Electric | 1,682 | | 1,682 |
| 5051 | Physical Damage Insurance | 6,459 | | 6,459 |
| 5101 | Purchased Transportation[1] | 40,000 | 15,000 | 25,000 |
| 5220 | Facility Lease[2] | 9,000 | 9,000 | 0 |
| 6821 | Network Server[3] | 5,500 | 5,500 | 0 |
| 6822 | Office Computer[4] | 1,299 | | 1,299 |
| | **Total** | **$317,378** | **$29,500** | **$282,828** |

Section 4

# CHANGES TO 2 CFR § 200

# OMB Issued Changes

- **Published in the Federal Register, August 13, 2020**
- **Effective November 12, 2020**

# OMB Issued Changes

- **Key Changes**
  - **Definitions No Longer Numbered**
    - **Were 2 CFR § 200.00 - § 200.99**
  - **New Procurement Thresholds Updated**
  - **Clarified That the Pass-Through Entity is Only Responsible for Resolving Audit Findings Specifically Related to the Subaward**

# OMB Issued Changes

- **Key Changes**
  - **Entities That Previously Had an Indirect Cost Rate Negotiated With the Federal Government May Now Use the *de minimis* Rate**
  - **Clarifies that NFEs that Use the *de minimis* Rate Are Not Obligated to "Prove" The Organization Incurred 10 Percent Indirect Costs**
  - **All Approved Indirect Cost Rates Must be Published on an OMB-Approved Web Site**

# OMB Issued Changes

- **Key Changes**
  - **Procurement Activity Now Defined by Three Classes**
    - **Informal**
      - **Micro-Purchase**
      - **Small Purchase**
    - **Formal**
      - **Sealed Bids**
      - **Proposals**
    - **Non-Competitive**

# OMB Issued Changes

- **Key Changes**
  - **Prohibition Against Procuring, Renewing a Contract, or Entering Into a Contract with Certain Designated Chinese Telecommunications and Video Surveillance Companies**

Section 5

# QUESTIONS & ANSWERS

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