



## Recreational Trails Program

### Using an Indirect Cost Rate as RTP Expenses or Match

#### Direct Costs

As part of the normal routine of completing a trail project, RTP grantees incur “direct costs.” These costs are eligible for reimbursement under the Recreational Trails Program as long as they meet program requirements. Grantees must understand the difference between direct and indirect costs since they carry different requirements when being claimed as match or reimbursement.

**Direct costs** are clearly identifiable costs related to a specific project. General categories of direct costs include but are not limited to salaries and wages, fringe benefits, meals, gas for travel, per diem, construction, printing costs for brochures and displays, signs, etc.

#### Using an Indirect Cost Rate

If approved in the Funding Strategy Narrative and Budget, RTP grantees may claim indirect costs as expenses or match. The information below discusses how indirect costs may be used. The process is complex; any grantee claiming indirect costs as expenses or match must follow the guidance below and contact the RTP Manager Contact for approval.

**Indirect costs** are the costs of an organization that are not readily assignable to project costs but are necessary to the operation of the organization and the performance of the project. For example, costs associated with operating and maintaining facilities, depreciation, and administrative salaries are usually treated as indirect costs.

For organizations that have an established federally approved indirect cost rate for Federal awards, indirect costs are those costs that are included in the organizations’ established indirect cost rate. Such costs are generally identified with the organization’s overall operation and are further described in the Uniform Guidance (2 CFR 200.414).

Montana FWP can authorize indirect costs for an individual RTP project provided the applicant/grantee utilizes one of the following methods:

- **Federally Approved Indirect Cost Rate:** Entities that have an established Federally Approved Indirect Cost rate agreement in place may include the allocation for indirect costs. Entities must provide a copy of the agency’s Federal Indirect Cost Rate Agreement with their application. FWP may negotiate the Federally Approved Indirect Cost rate if it is higher than the limit established in the award’s federal allowable limits, whichever is lower.

- **Negotiated Indirect Cost Rate:** For those entities that have a pending application for a Federally Approved Indirect Cost rate, the entity may negotiate an indirect cost rate with FWP, limited to the grant's federal allowable limits. Entities must submit a copy of the application for the Federally Approved Indirect Cost rate with their RTP application.
- **De Minimis Rate:** Any non-federal entity that has never received a negotiated Indirect Cost Rate may elect to charge a 10% De Minimis rate of Modified Total Direct Costs (MTCD) which may be used indefinitely.
  - Modified Total Direct Costs means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each RTP award (regardless of the period of performance of the RTP award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each RTP award 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.
  - Costs must be consistently charged as either indirect or direct costs (only on allowable grant activities) but may not be double charged or inconsistently charged as both.
  - The non-federal entity must use this methodology, once elected, consistently for all Federal awards until the non-federal entity chooses to negotiate for a rate (which the non-federal entity may apply to do at any time).
  - The rate can be applied to the first \$25,000 of the RTP award (contract/consultant).
  - The amount used for the De Minimis must be clearly stated and the RTP Budget must list the budget items used to determine the De Minimis Rate.
- **No Indirect Cost Rate:** Entities may choose **not** to include indirect costs in their RTP Budget.