Federal Requirements Related to Allocation of Shared Costs

Is your cost eligible under a CoC or ESG grant?

IF NO AND YOUR COST IS INELIGIBLE OR UNALLOWABLE

Each shared cost must be allocated across all activities or projects that are benefited by that cost, even if some funders will not reimburse those costs. This means that some shared costs may not be recuperated, either because the costs are not budgeted under each benefitted contract, or because they are not eligible under some of the funding streams.

IF YES, Allocate as indirect cost based on allocation plan:

- **10% De Minimis Rate:** This option requires that the agency use Modified Total Direct Costs (MTDC) as its Direct Cost Base and limits the agency to charging 10% of MTDC to cover indirect costs.
- **Federally Negotiated Indirect Cost Rate (Federal NICR):** Only direct recipients of federal funding are entitled to request a federal NICR, which must be accepted by every federal agency. If a subrecipient of federal funds has a federal NICR, that rate must be included in the sub-award of federal funds.
- **Negotiated Indirect Cost Rate with Direct Recipient (Subrecipient NICR):** Subrecipients of federal funding that do not receive any direct federal grants may negotiate an indirect cost rate with their pass-through entity, i.e., the direct grantee making the sub-award. A subrecipient NICR must be calculated with the pass-through entity in accordance with 2 C.F.R. part 200 just like a federal NICR.
- **Percentage of Staff Time, i.e., FTE:** Determine which programs or activities benefited from the shared cost to be allocated and calculate the percentage of overall staff time spent on each of those cost objectives.
- **Percentage of Personnel Expenditures:** This approach might be preferred by some auditors for some types of administrative costs that are not tied directly to actual number of employees.
- **Percentage of Total Number of Transactions:** Services and payroll services can be allocated based on the number of accounting transactions or payroll related to each program.
- **Percentage of Square Footage:** Office space and related costs can be allocated based on the square footage occupied by or used for the benefit of each program or cost objective. Shared spaces can be allocated to individual cost objectives based on the percentage of square footage occupied or used for the benefit of each cost objective. This requires that the agency identify a specific number of phones or computers that are used for each program, activity, or other cost objective.
- **Number of Units:** Costs that correlate to physical devices can be allocated based on the number of units (phone lines, computers, etc.) assigned to each cost objective.

NOTE: Percentage of staff time must reflect actual staff time spent on the cost objective and cannot be projected or budgeted staff time.

OSH subrecipients MAY NOT use the 10% De Minimis Rate!