

Indirect Cost Detail:**Federal Funded Contracts:**

- 1) If Provider has an approved federal indirect cost rate issued by a federal “cognizant agency”, DYCD will honor the rate. A copy of the federal approved rate letter must be submitted to DYCD with the budget.
- 2) If Provider has a federal indirect cost rate greater than 10% and is willing to accept a lower rate, the Provider will complete a DYCD form acknowledging its willingness to accept a lower rate.
- 3) If Provider never had a federal indirect cost rate, DYCD will allow up to 10% De Minimis Rate.
- 4) If Provider has an indirect rate higher than 10% but does not have a federal approved rate letter, an independent CPA letter certifying the provider’s indirect cost must be submitted to DYCD with the budget.
- 5)

Non-Federal Funded Contracts (i.e. City Tax Levy):

- 1) If Provider has an indirect rate higher than 10%, DYCD will require an attestation letter from a CPA firm. If the provider has a federally approved rate we will accept a NICRA letter
 - Historically, DYCD calculated the indirect rate based on the total funding of an individual contract. Moving forward, the indirect rate will be calculated *excluding* the following categories from your direct cost base: Stipends, Client Transportation, Client Incentives, Equipment items greater than \$5,000, Sub-Contractor items greater than \$25,000, and Rent. The new calculation will automatically apply to all new, renewal, or negotiated acquisition extension contracts.

Providers who seek reimbursement for Indirect Rate that is greater than 10% must attach the appropriate document (referenced above) with their budget or budget modification submission.