

De Minimis Indirect Costs Info Sheet

Introduction

This info sheet explains the definition, context, and allowability for de minimis indirect costs on MOVA-supported budgets, and outlines changes effective October 1, 2024.

Indirect Cost Definition & Types of Indirect Costs

An indirect cost rate is a percentage used to help agencies figure out how much of their general overhead costs (like rent, utilities, administrative services) should be charged to specific projects. Indirect costs are costs that are not readily assignable to a project but are necessary to the operation of the organization and the performance of the project. The rate helps divide these costs fairly across different projects or activities. There are 3 different types of indirect cost rates which subrecipients can adopt, as applicable.

- 1) Federally approved or otherwise predetermined indirect costs rates
- 2) De minimis
- 3) MOVA-negotiated indirect cost rates

This info sheet will focus on de minimis only.

Recent Revisions to De Minimis Indirect Costs

In 2024, the Office of Management and Budget (OMB) updated the Guidance for Federal Financial Assistance which includes revisions to [Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements](#) for federal awards. These revisions became effective on October 1, 2024 and apply to all active awards, regardless of when the award was made. The following revisions impact de minimis indirect costs:

- De minimis indirect cost rate language (200.414)
 - The de minimis rate threshold increased from 10% of MTDC to up to 15% of MTDC.
- Indirect costs and MTDC language (200.1)
 - The threshold for how much of a subaward can be used for indirect calculations on a project has increased from \$25,000 to \$50,000.

MOVA sub-recipients will be eligible to apply the above changes, effective October 1, 2024. However, these revisions are NOT retroactive.

De Minimis Indirect Cost Definition and Application, Beginning October 1, 2024

If a subrecipient does not have a preexisting federally approved indirect rate, they may elect to charge a de minimis rate of up to 15% of Modified Total Direct Costs (MTDC). MTDC can include:

- All salary and wages
- Most fringe, with the exception of tuition remission, scholarships, and fellowships
- Consultants up to \$50,000 per line item for total award period
- Office/Admin with the exception of any supplies/supports for clients
- Travel for staff. Any travel for clients cannot be included
- Contracts up to \$50,000 per line item for total award period
- "Other" expenses excluding rent, items included in the rental agreement (utilities, taxes, etc.), and any client expenses or supports

Expenses that cannot be included in MTDC for the indirect base calculation include but are not limited to capital expenditures such as land or building renovations, equipment, tuition remission, rental costs and client support costs,

MTDC includes both direct and administrative expenses and does not include any matched expenses.

Requirements

If electing only the 10% de minimis for the entirety of FY25, a de minimis letter that states this must be submitted to and approved by MOVA.

If electing the 10% de minimis for the first quarter of FY25 and a different percentage, up to 15%, for the latter three quarters of FY25, submit an indirect letter that attests to this and ensure that the budget request has two indirect lines: one for the 10% calculation (reflective of the first three months of the fiscal year) and one for the secondary calculation (reflective of the remaining 9 months of the fiscal year).

When electing the de minimis, a letter including the de minimis percentage being used and the attestation of no preexisting federally approved indirect cost rate must be submitted to and approved by MOVA.

Sample De Minimis Request Letter

To request the de minimis cost rate, submit a letter on agency letterhead stating that your organization does not have a preexisting approved indirect cost rate. An example letter is as follows:

July 1, 2024

Cats for Justice attests to not having a preexisting approved indirect cost rate and would like to request the de minimis indirect cost rate for FY25. We will use 10% for the first quarter of FY25 and 15% for the latter three quarters of FY25, as allowed via the CFR revisions applied as of October 1, 2025.

Sincerely,

Izzi Smith

Typically, this request is made during the contracting process, however de minimis may be requested at any point in the fiscal year.

De Minimis Cost Monitoring

During contracting MOVA will:

- Ensure sub-recipients have submitted a current de minimis request letter which is reflective of the de minimis being requested in the budget
- Review the costs included in the indirect costs base for accuracy and allowability

During budget amendment review MOVA will:

- Review the costs included in the indirect costs base for accuracy and allowability

During monthly expenditure report review MOVA will:

- Review the costs included in the indirect costs base for accuracy and allowability
- Review the rate being used to ensure it is consistent with the approved budget