



PANDEMIC RECOVERY OFFICE

One Capitol Hill, 4th Floor
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Office: (401) 222-2280

Paul L. Dion, Ph.D.

Director

Pandemic Recovery Office: SFRF INDIRECT ADMINISTRATIVE COSTS Date of Last Revision: June 2022

1. Purpose

The purpose of this State Fiscal Recovery Fund Indirect Administrative Costs Policy (“Policy”) is to provide guidance for the application of indirect cost rates and administrative costs to State Fiscal Recovery Fund (“SFRF”) Awards. The intent of the Policy is to provide program or fiscal managers guidance on the applicability of indirect administrative cost recovery.

2. Applicability

This policy applies to all SFRF Awards.

3. Definitions

Direct Administrative Cost means any expense or cost that can be specifically attributed to a particular project, program, or activity, or that can be directly and unequivocally assigned to such activities with a high degree of accuracy. SFRF Direct Costs include, but are not limited to travel, equipment, supplies, goods, and services directly benefiting the award-supported project or activity. Staff that can be directly and unequivocally assigned to a particular SFRF project, program, or activity with a high degree of accuracy may be included as a direct cost.

Indirect Administrative Cost means necessary costs incurred by a recipient for administration, facilitation, and/or oversight of a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited. For example, facilities operation and maintenance costs, depreciation, and administrative overhead expenses are examples of costs that usually are treated as indirect costs.

Indirect Cost Rate means an administrative cost percentage applied to invoices.

SFRF Award means funding from the SFRF established under the American Rescue Plan Act (ARPA) that a State Agency has been authorized to spend.

State Agency means any state agency, office, department, division, commission, board, council, or other entity of the State.

Subaward means an Award of federal funds provided by a State Agency to a Subrecipient for the Subrecipient to carry out in whole or in part a SFRF funded



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program. It does not include payments to a contractor for goods and services or to an individual that is a beneficiary of a program. For further explanation of a Subaward, consult the definition in the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2. CF.R. § 200 *et seq.*

Subrecipient means an entity that receives a Subaward from a State Agency to carry out in whole or in part a SFRF funded program but does not include an individual that is a beneficiary of such program.

4. Policy

- A. **State Agencies.** State Agencies may not charge Indirect Administrative Costs to SFRF Awards. State Agencies may charge Direct Administrative Costs that represent an increase over previously budgeted amounts and are limited to what is necessary. Direct Administrative Costs may not exceed 5% of the total cost of the SFRF Award for an individual project without prior written approval of the Pandemic Recovery Office.
- B. **Subrecipients.** Subrecipients may not charge Indirect Administrative Costs to SFRF Awards or Subawards. However, subrecipients may request that the Pandemic Recovery Office allow Indirect Administrative Costs to be charged to SFRF projects. Such costs can only be charged with prior written approval of the Pandemic Recovery Office.

5. Signature

A handwritten signature in blue ink that reads "Paul L. Dion".

Director, Pandemic Recovery Office

Date: June 21, 2022