

OVERVIEW OF CHANGES



Even after long deliberation, the decision to change the Department's paper from White (97 bright) to Ivory (95) got mixed responses

OVERVIEW

As of December 26, 2014, the Federal Government released the Uniform Administrative Requirements (OMB Super Circular) that combines eight grant related circulars into one document (2 CFR).

Non-federal entities must comply with the Uniform Administrative Requirements whether they are recipients or sub-recipients.

OWEB has worked with its primary federal agency, NOAA, to clarify the Uniform Administrative Requirements as they relate to OWEB and its grantees for the treatment of indirect costs, matching funds, and eligible grantees.

OWEB also worked with the Department of Justice (DOJ) to confirm which entities are eligible to receive grants.



Rules - Rules
More Rules
& More Rules



EFFECTIVE DATES FOR INDIRECT COST CHANGES

Application Type	Application Due Date
Open Solicitation Grants	October 2015
Weed Grants (administered by ODA)	December 2015
Small Grants	July 1, 2015
Council & District Capacity (Applications already received)	July 1, 2015
CREP Cost Share	N/A
SIP Transitional Funding	July 1, 2015



1. ORGANIZATIONS MUST BE LEGAL

Grantees must be one of the following entities:

- **State or local government**
 - Cities, counties, tribes
 - SWCDs
- **Non-profit organization**
 - Watershed councils
 - Land trusts
 - Other legally-formed non-profits (have a federal tax identification number.)
- **Institution for Higher Education**
 - Schools & colleges



ATTACHMENT F ON APPLICATION



When applying for funding, all applicants must:

1. Select their organization type.

- Individuals are not eligible for Grant Administration costs.
- Council and District Capacity grant applications will not include an indirect cost allocation allowance (more on this later.)



ATTACHMENT F GRANT ADMINISTRATION AND INDIRECT COST SELECTION FORM

As of December 26, 2014, the Federal Government released the Uniform Administrative Requirements that combines eight grant related circulars into one document (2 CFR). This document applies to federal agencies that make federal awards to non-federal entities which can flow down to sub-recipients. Non-federal entities must comply with these requirements whether they are recipients or sub-recipients.

INSTRUCTIONS: All applicants must complete all parts of this form. Part One will certify the applicant is a legal entity. Part Two selects the type of indirect rate the applicant is requesting in the application; if you select an OWEB Negotiated Indirect Cost Rate, continue to Part Three.

PART ONE:

Sub-recipients or grantees must be legal entities. Identify your organizational type as one of the following:

- State or local government: FEIN []
- Non-profit organization: FEIN []
- Institution for Higher Education: FEIN []
- Individual (not eligible for indirect or administrative costs)

PART TWO:

Applicant must select one of the following indirect rates. This rate will apply for the life of this grant, including any future extensions for time, and cannot be changed.

- Federally Negotiated Indirect Cost Rate.** We have previously negotiated or currently have an approved indirect cost rate with a Federal (cognizant) agency. A copy of our most recently approved rate agreement is attached; if necessary, we will provide a more current rate once it is approved.
Our current Federally Negotiated Indirect Cost Rate is []%.
- Federally Accepted *de minimis* Indirect Rate.** We have never received a federally negotiated indirect cost rate. We request as a condition of this grant to charge a flat *de minimis* indirect cost rate of 10% of modified total direct costs (MTDC).
- OWEB Negotiated Indirect Cost Rate.** We do not currently plan to obtain a federally negotiated indirect rate. We would like to negotiate an indirect rate of modified total direct costs (MTDC).
We request an indirect rate of []% (not over 15%) (fill out Part Three.)

PART THREE:

Applicants who select an OWEB Negotiated Indirect Cost Rate must select a cost allocation plan.

- Less than 10%, no receipts required.** If the rate is below 10%, OWEB will allow the billing to follow the *de minimis* rules (no receipts.)
- Receipt billing.** Grant administration costs are charged to grants on an item-by-item basis. Receipts for items \$250 and over must be submitted. All receipts must be kept and provided to OWEB on request.
- Cost allocation.** The applicant has accounting practices in place that support charging costs to a cost allocation pool and must submit cost allocation supporting documentation for allocations \$250 and over. Most agencies divide administration costs either on FTE, time worked, or as a percentage of their modified total direct costs (MTDC.)



2. TREATMENT OF INDIRECT COSTS

OWEB must accept all federally negotiated indirect rates.

If your entity does not have a FNIR, there is also a 10% *de minimis* indirect rate that grantees can elect.



ATTACHMENT F ON APPLICATION



When applying for funding, all applicants:

2. Must select an indirect rate.
 - OWEB no longer considers grant administration a direct cost.
 - Grant administration charges must be paid for from indirect charges.
3. If selecting an “OWEB Negotiated Indirect Cost Rate,” must identify a billing method for grant administration costs (up to 15%)
 - Receipt billing
 - Cost allocation
 - Less than 10% (no receipts)



**ATTACHMENT F
GRANT ADMINISTRATION
AND INDIRECT COST SELECTION FORM**

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INSTRUCTIONS: All applicants must complete all parts of this form. Part One will certify the applicant is a legal entity. Part Two selects the type of indirect rate the applicant is requesting in the application; if you select an OWEB Negotiated Indirect Cost Rate, continue to Part Three.

PART ONE:
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State or local government: FEIN []

Non-profit organization: FEIN []

Institution for Higher Education: FEIN []

Individual (not eligible for indirect or administrative costs)

PART TWO:
Applicant must select one of the following indirect rates. This rate will apply for the life of this grant, including any future extensions for time, and cannot be changed.

Federally Negotiated Indirect Cost Rate. We have previously negotiated or currently have an approved indirect cost rate with a Federal (cognizant) agency. A copy of our most recently approved rate agreement is attached; if necessary, we will provide a more current rate once it is approved.
Our current Federally Negotiated Indirect Cost Rate is []%.

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Cost allocation. The applicant has accounting practices in place that support charging costs to a cost allocation pool and must submit cost allocation supporting documentation for allocations \$250 and over. Most agencies divide administration costs either on FTE, time worked, or as a percentage of their modified total direct costs (MTDC.)

2015-17 OWEB Watershed Restoration Application – Attachment F – July 2015



3. MATCHING FUNDS

OWEB's lottery funds are used as match to the federal awards it receives. Therefore OWEB must follow the uniform administration requirements for funds that are used as match.



Because not all of OWEB's state funds will be used as Federal match, a few grants types will not follow the uniform administration requirements .



Allowable Grant Administration Rates by Grant Type

	NO Grant Administration Allowed	Federally Negotiated Indirect Cost Rate	10% <i>de minimis</i> Indirect Cost Rate / 10% indirect cost rate	OWEB Negotiated Indirect Cost Rate (up to 15%)
Restoration		X	X	X
Technical Assistance		X	X	X
Monitoring (all types)		X	X	X
Outreach		X	X	X
Acquisition*		X	X	X
Weed (administered by ODA)			X	
Small Grants			X	
Council & District Capacity	X			
CREP (Cost Sharing)	X			

*Indirect costs are calculated on the modified total direct costs (MTDC) less capital assets costs such as land and water rights.



**WHAT DOES THAT
EVEN MEAN?**

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ACCOUNTING REVIEW

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"Run the numbers, then crunch them just to be sure."

WHAT ARE DIRECT COSTS?

Direct costs are those costs which can be identified and assigned to a specific project or grant activity. These include:

- Salaries and wages of employees
- Employee benefits
- Consulting services and engineering fees
- Travel costs
- Materials and supplies
- Permits



The total of these expenses is referred to as the Modified Total Direct Costs (MTDC.)

“Post-grant” costs are not included in the calculation of direct costs.

WHAT ARE INDIRECT COSTS?

Indirect costs are overhead or administrative costs that cannot be readily identified to a specific project or function:

- Facilities
- Administration
- Rent
- Electricity
- depreciation
- Telephone

However, these are actual costs that are incurred by an organization.



WHAT IS AN INDIRECT COST RATE?

An indirect cost rate is a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.



"I kept a small percentage of your allowance for administrative costs."

A. FEDERALLY NEGOTIATED INDIRECT COST RATE

Organizations that have previously negotiated or currently have an approved indirect cost rate with a Federal (cognizant) agency will be allowed to use it for their grants.



Budget Category	Unit Rate	Amount
Salaries, Wages & Benefits	1 FTE	\$50,000
Contracted Services	2 units	\$50,000
Subtotal		\$100,000
Federally Negotiated Indirect Cost Rate	18.47%	\$18,470
Total		\$118,470



B. 10% *DE MINIMIS* INDIRECT RATE

Organizations that have **never** received a federally negotiated indirect cost rate will charge a flat *de minimis* indirect cost rate of 10% of Modified Total Direct Costs (MTDC).



Budget Category	Unit Rate	Amount
Salaries, Wages & Benefits	1 FTE	\$50,000
Contracted Services	2 units	\$50,000
Subtotal		\$100,000
10% <i>de minimis</i> indirect rate	10%	\$10,000
Total		\$110,000



C. OWEB NEGOTIATED INDIRECT COST RATE:

Organizations that do not currently plan to obtain a federally negotiated indirect rate will be allowed to negotiate a rate of up to 15% of modified total direct costs with OWEB.



Budget Category	Unit Rate	Amount
Salaries, Wages & Benefits	1 FTE	\$50,000
Contracted Services	2 units	\$50,000
Subtotal		\$100,000
OWEB Negotiated indirect cost rate	13%	\$13,000
Total		\$113,000

PROS & CONS OF GRANT ADMINISTRATION RATES

	Indirect Cost Rate	Receipts Required	Admin burden
Federally Negotiated ICR	TBD	No	High
<i>de minimis</i> ICR	10%	No	Low
OWEB Negotiated ICR	15% (up to)	Yes	Medium
	Less than 10%	No	Low



"We've discussed the PROS and CONS, but what about the gray area in the middle... the often overlooked PONS and the CROS?"

INDIRECT COSTS DON'T...

Selecting a higher indirect cost rate will not increase the amount of indirect you actually receive for your organization. Indirect cost rates are based on actual costs. There may be occasions where one grant may receive a slightly higher amount of indirect, but over time it will even out.



Allowable Grant Administration Rates by Grant Type

	NO Grant Administration Allowed	Federally Negotiated Indirect Cost Rate	10% <i>de minimis</i> Indirect Cost Rate / 10% indirect cost rate	OWEB Negotiated Indirect Cost Rate (up to 15%)
Restoration		X	X	X
Technical Assistance		X	X	X
Monitoring (all types)		X	X	X
Outreach		X	X	X
Acquisition*		X	X	X
Weed (administered by ODA)			X	
Small Grants			X	
Council & District Capacity	X			
CREP Cost Share	X			



A WORD OF CAUTION

For those entities receiving Council Capacity Grants, it will be important to remove the costs covered with a capacity grant from indirect calculations.



Council and District Capacity Grant Costs

Admin Pool

FREQUENTLY ASKED QUESTIONS



WHY DOESN'T OWEB JUST PICK ONE RATE?

The new Uniform Guidelines requires OWEB to accept federally-negotiated indirect costs rates or a 10% *de minimis* rate.

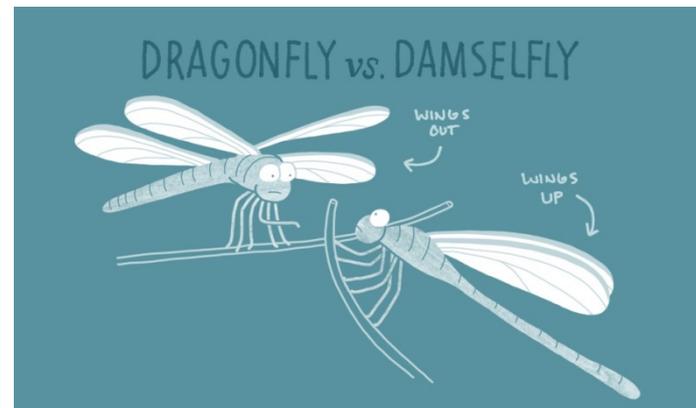
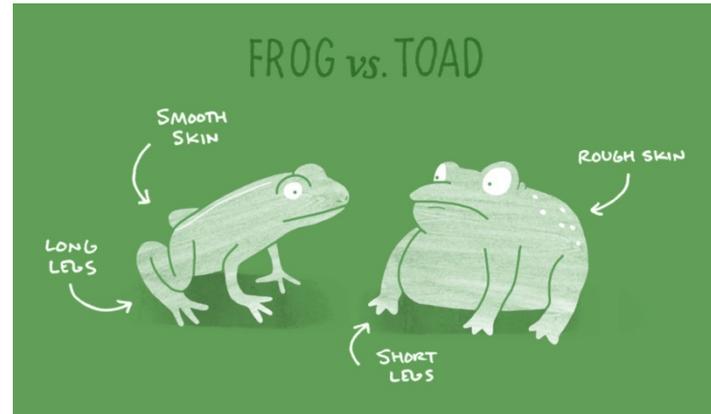
We have added the option of a negotiated rate in an attempt to help our grantees.



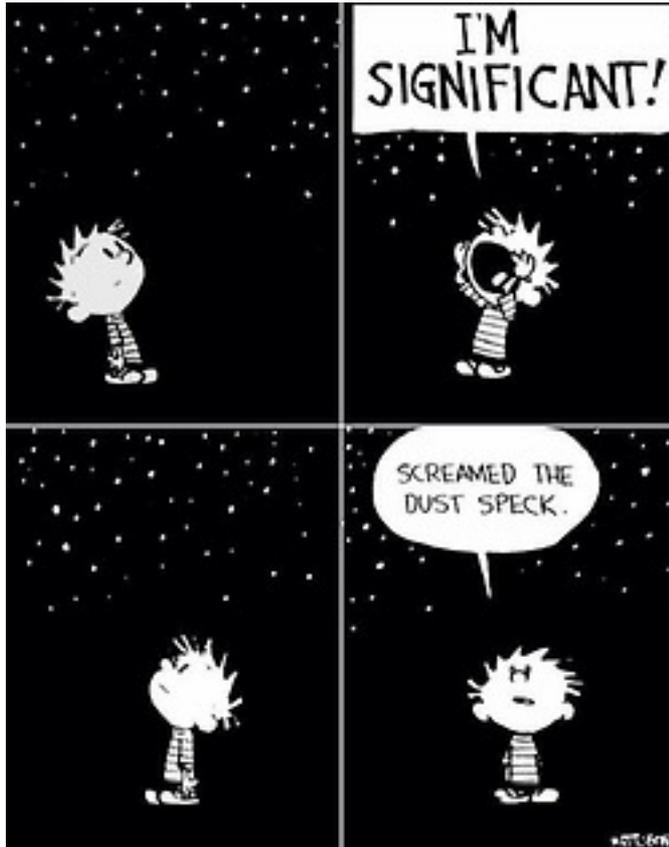
WHY ARE THERE DIFFERENT RATES?

All organizations are different.

For example, a very small organization could have very low rates if they were a one-person organization that spent most of its time on projects or very high rates if they were trying to build community awareness and consensus.



WHAT DOES *DE MINIMIS* MEAN?



Webster's defines *de minimis* as: "lacking significance or importance: so minor as to merit disregard".

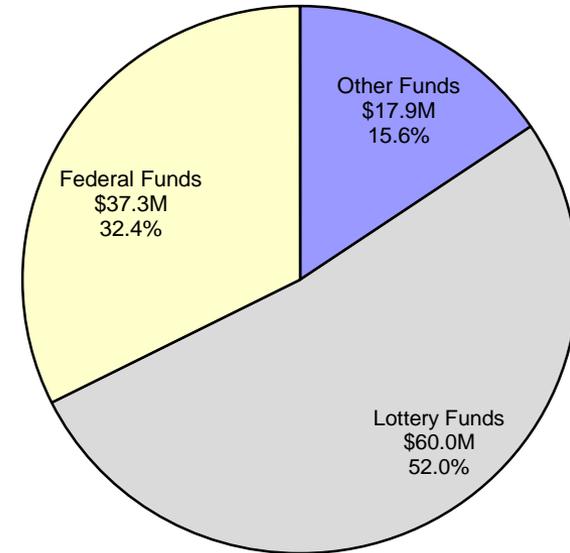
In the OMB Uniform Guidelines it is used to mean a minimal and insignificant rate.

WHY DO SOME PROGRAMS HAVE MORE OPTIONS THAN OTHERS?

OWEB administers State funds as well as Federal funds. With State funds (such as lottery funds), we are not obligated to follow OMB guidance... unless we are using those funds to match federal dollars.

We have decided not to use small grants or ODA Weed grants as match. As such, we have decided to only allow a 10% rate for these grants.

OWEB 2015-17 Budget



WHY DO CAPACITY GRANTS NOT GET INDIRECT?

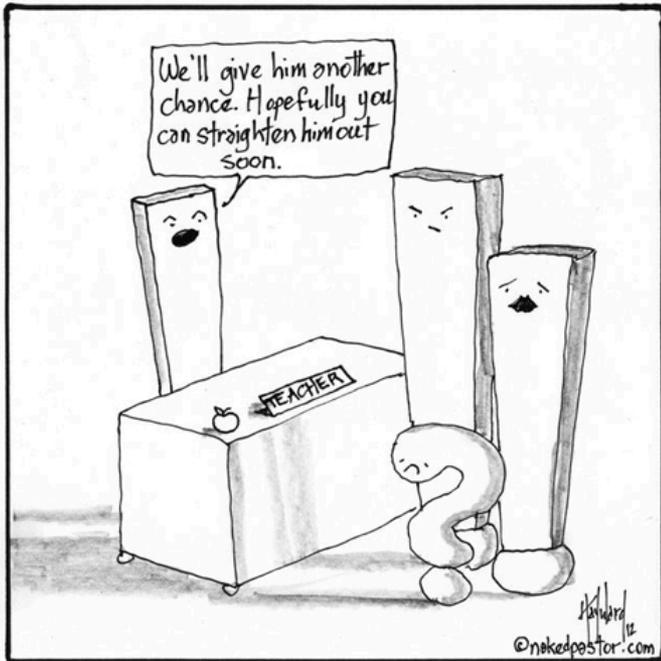


Capacity grants will NOT be used as OWEB match.

Capacity grants cover basic administration costs. It is unfair to calculate indirect (admin) on an admin grant.

Treat capacity grants as a local (not federal) grant.

WAIT... WHAT?



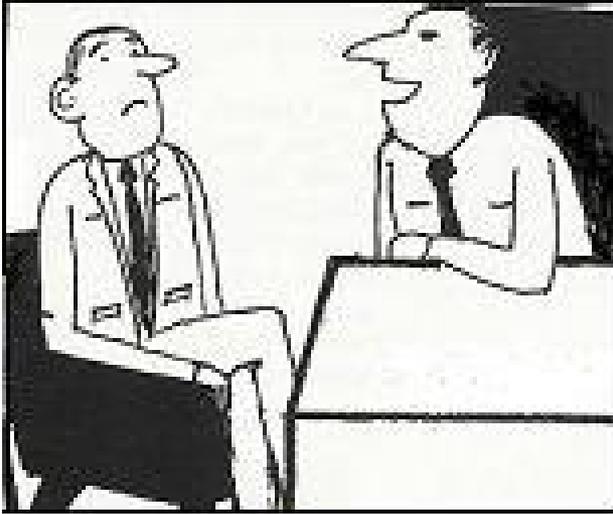
For specific questions, such as:

- If you have a FNICR you must collect indirect even if the grantor does not allow indirect. How do we handle this in Council Capacity grants?
- When figuring the 15% do we apply the cost pool to all grants? Or only those that actually allow indirect costs to be charged?

We suggest you contact either:

- The Network of Oregon Watershed Councils (<http://www.oregonwatersheds.org/>)
- Your accountant or bookkeeper

MUST OWEB HONOR A GRANTEE'S FEDERALLY-NEGOTIATED INDIRECT COST RATE?



Yes.

The provision of 2 CFR 200.414 requires programs to accept federally-negotiated indirect costs rates for federal dollars. (Note: grantee acceptance of the 10% *de minimis* rate is considered a federally-negotiated rate.)

- I don't give dictations but everyone around here calls me the great dictator.

ARE THERE ANY EXCEPTIONS?

The only exceptions would be if the grantee voluntarily charges less than the full amount of indirect costs allowed under the award.

The election must be voluntary!

The difference between the Federally negotiated rate and the rate charged can be used as match.



CAN YOU USE PART OF YOUR FNIDR AS MATCH?



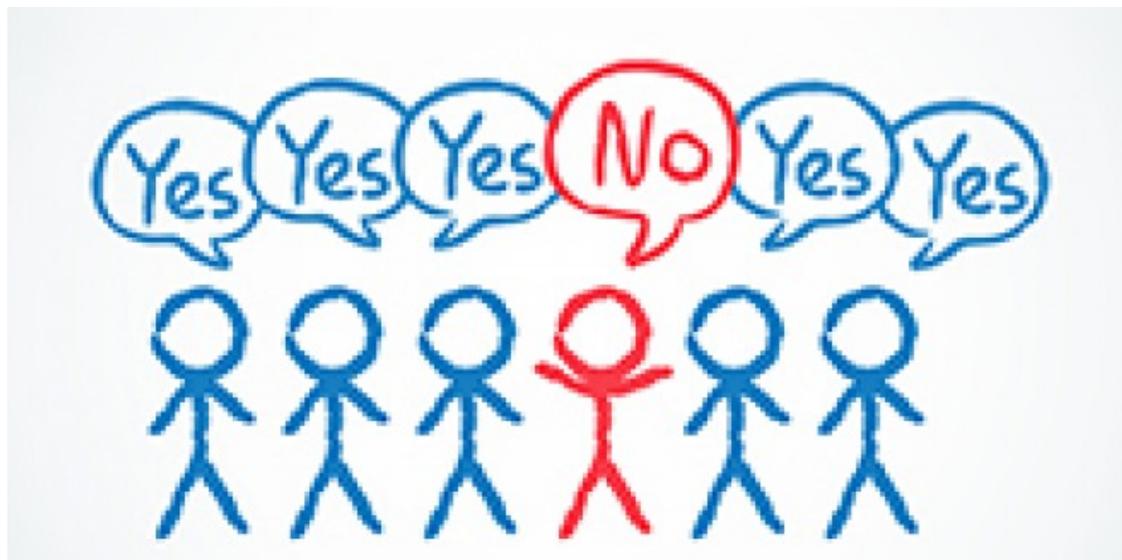
Yes.

Fill out the Grant Admin Form in the application.

Then, on your budget, put the amount you wish to claim as match in the “match” column.

I DON'T WANT ANY GRANT ADMIN. WHAT SHOULD I DO?

Some agencies may decide not to charge indirect charges, or may decide to charge at rate below the 10% *de minimis*. For these agencies, we suggest they check the “negotiated rate” box and simply put in the requested rate. If the rate is below 10%, OWEB will allow the billing to follow the *de minimis* rules (no receipts.)



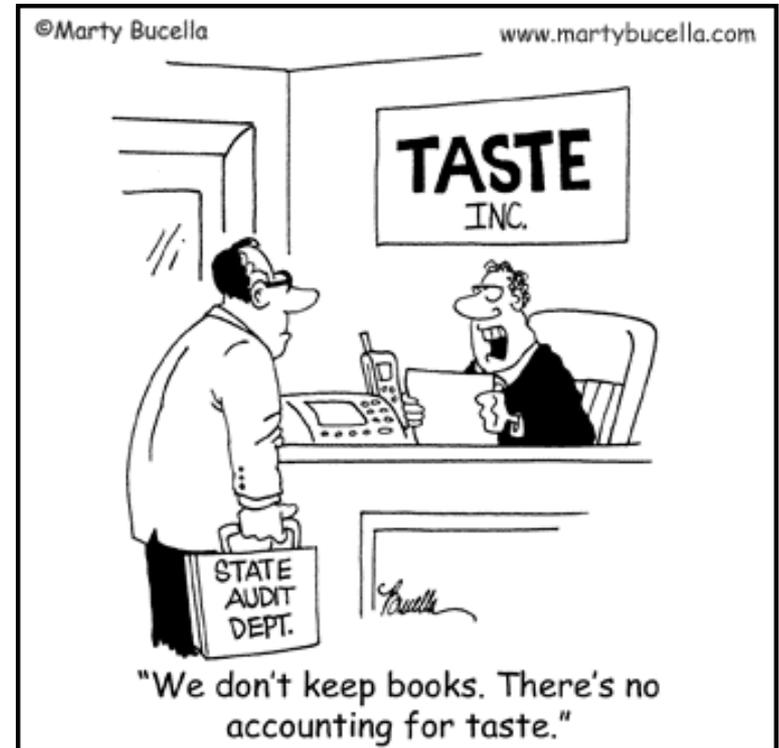
WE'VE DECIDED TO NEGOTIATE AN INDIRECT RATE WITH OWEB. WHAT SHOULD WE DO?



Fill out Form F in the application with your requested rate and the allocation method you expect to use.

HOW DO WE KNOW WHAT ALLOCATION METHODS OWEB WILL ACCEPT?

In general, OWEB will approve any GAAP (Generally Accepted Accounting Procedure) method. The most common OWEB-approved methods are:





RATES BELOW 10%

The most common OWEB-approved methods are:

- A. If the rate is below 10%, OWEB will allow the billing to follow the *de minimis* rules (no receipts.)

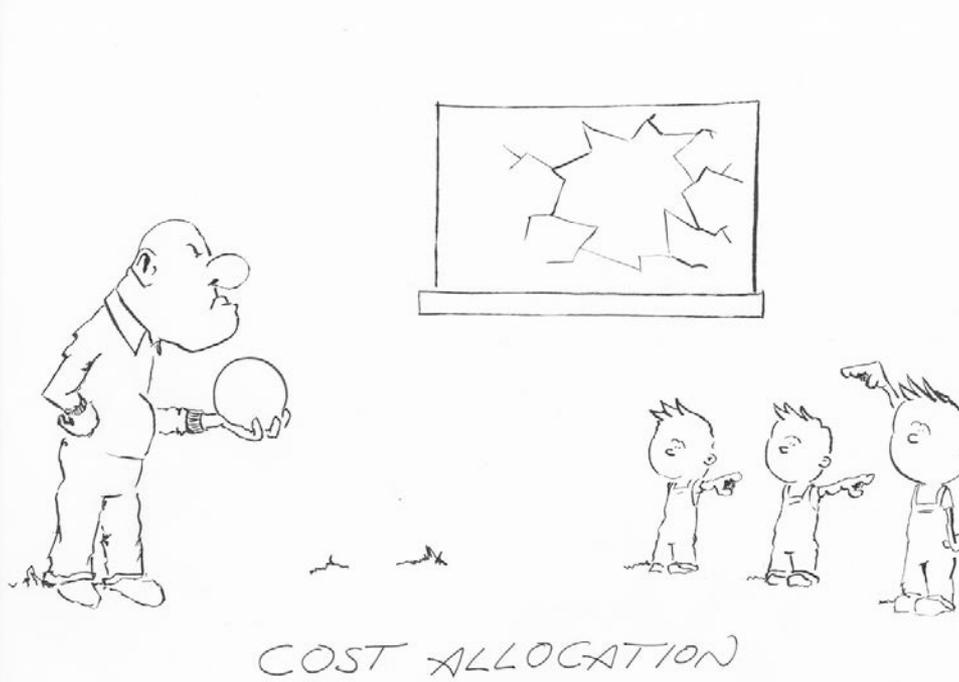


RATES BETWEEN 10-15%

- B. Receipt Billing: Grantees would select this billing method when their grant administration costs are charged to projects on an item-by-item basis. These Grantees must submit receipts for items \$250 and over. All receipts must be kept and provided to OWEB on request.



RATES BETWEEN 10-15%



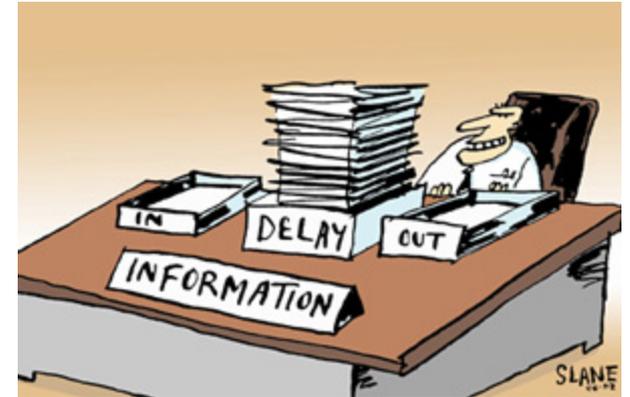
thethinblackline.wordpress.com 04/2008

- C. **Cost Allocation:** Grantees that select this billing method must have accounting practices in place that support charging costs to a cost allocation pool and must submit cost allocation supporting documentation for allocations \$250 and over. Most agencies divide administration costs either on FTE , time worked, or as a percentage of their MDTC.

WHAT IF THE COGNIZANT FEDERAL AGENCY DELAYS APPROVAL OF THE PROPOSAL?

Prior to the grant being released for signature, the grantee must provide:

1. A copy of their submitted proposal
2. The name of their cognizant agency
3. Evidence of the proposal submission date in the form of either a copy of an emailed submission or written confirmation of the proposal receipt date from the cognizant agency.



OWEB will attach a special condition to the grant that will not allow the grantee to charge for Grant Administration until their negotiated rate is approved.

WHAT IF A GRANTEE HAS LET THEIR RATE EXPIRE?



“His warranty had expired fifteen minutes before he called and he still thought he could get support! That’s a good one!

The grantee cannot charge indirect costs to OWEB until the grantee receives an approved federally negotiated indirect cost rate.

Federal rules state that once you have received a federally approved indirect cost rate you must continue to negotiate with the federal government. The regulations allow for a one-time four year extension (see 2 CFR 200.414 (g) .)

WHAT ABOUT POST-GRANT COSTS?

Because post-grant activities occur after the official grant close, OWEB will not include this in MTDC.

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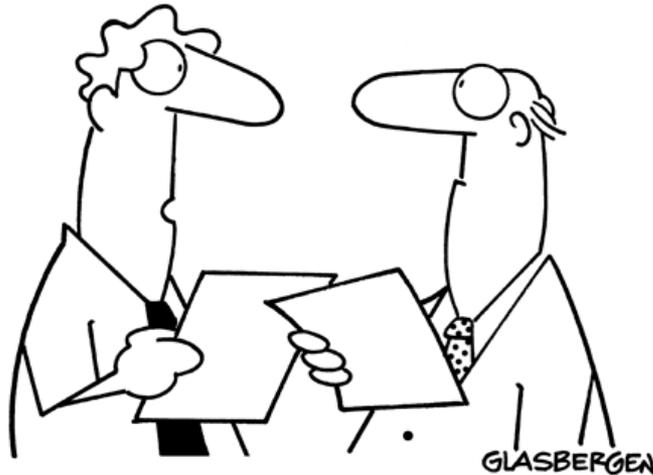
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"This slide needs work."

WE HAVE MORE ADMIN COSTS THAN EXPECTED. WHAT SHOULD WE DO?

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**“I found a quick fix for our company’s financial problems.
I removed the red ink cartridge from the printer.”**

Applicants are responsible their project budget.

Applicants that inadvertently fail to include some or all of their allowable indirect costs on their proposed budget run the risk that OWEB will not allow the additional costs.

OWEB is not obligated to ensure that a grantee charges to the award all of their allowable indirect costs.



WHAT IF WE SPEND LESS INDIRECT THAN EXPECTED? CAN WE MOVE THE AMOUNT TO ANOTHER CATEGORY?

No. Administration funds are granted based on an expected indirect cost rate. If the grantee cannot or does not use all the funds, the unspent funds will be recaptured by OWEB at the conclusion of the grant.

Grantees may request to move additional funds into the Grant Administration budget category up to 15% of the grant subtotal.



IS GRANT ADMINISTRATION AN ALLOWABLE COST FOR LAND ACQUISITION AND WATER RIGHT GRANTS?

Yes; however, indirect costs are not calculated on capital type costs such as property or water right values being purchased.



WHO IS THE GRANTEE WHEN AN AGENCY USES A PAYEE?



The agency is officially the grantee, even when they have a “payee” relationship with another agency (in most cases, this is an SWCD.)

The payee and the grantee have a contractual agreement.

The grantee is expected to do the work and fulfill the terms of the grant; the payee is simply there to help with some of the more complex accounting issues.

HOW CAN THE PAYEE GET PAID?

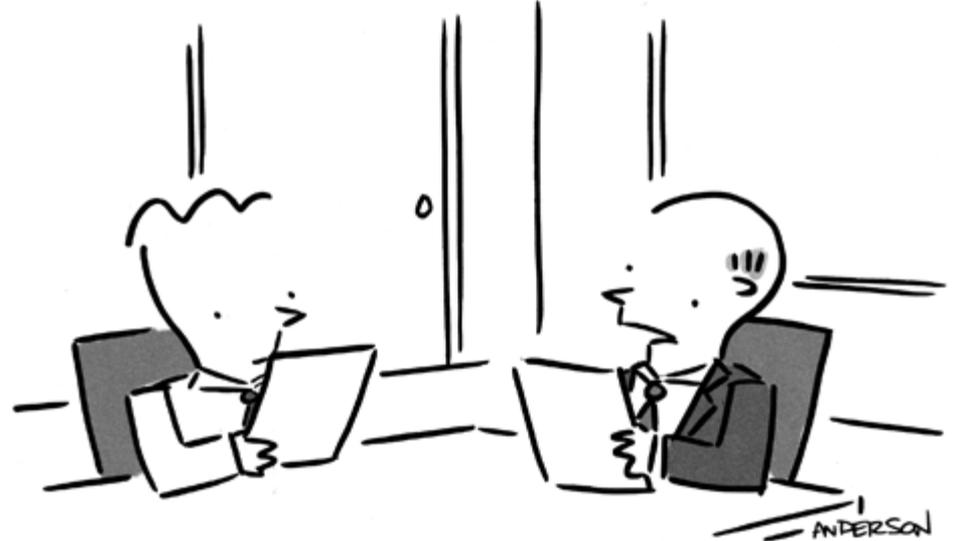
The “payee” will be paying the bills for the grant, but they have been promised a fee for doing this.

They should present their bill to the grantee they are acting on behalf of. After the agency approves it, the payee will draw down their fee from the grantor.

The key point: this relationship is governed by a contract.

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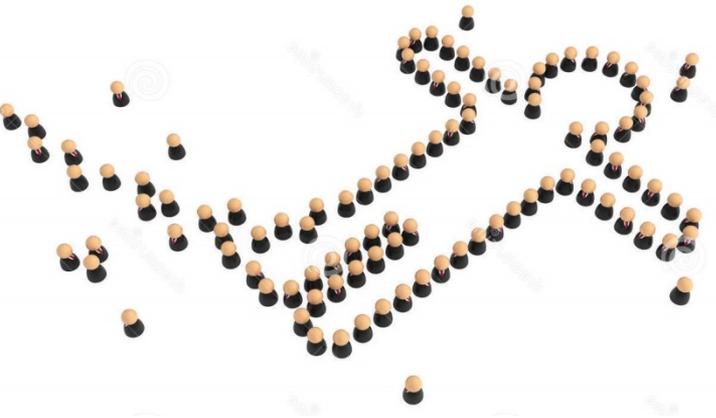
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"I understand what it means, I'm just saying 'LOL' isn't really appropriate in a contract."

WHAT DOES IT MEAN THAT OUR ORGANIZATION MUST BE A “LEGAL ENTITY”?

OWEB clarified with NOAA and the Oregon Department of Justice that sub-recipients or grantees must be legal entities with a tax ID number. Applicants will be required to identify their organizational type as one of the following:



- **State or local government** (this could be a local government or SWCD)
- **Non-profit organization.** This includes watershed councils, land trusts, corporations, cooperatives, associations, and other non-profits that are legally formed and have a federal tax identification number
- **Institution for Higher Education**
- **Individual** (not eligible for Grant Administration costs)

HOW DO WE BECOME A “LEGAL ENTITY”?

Contact an attorney if you are interested in learning more about becoming a legal entity.

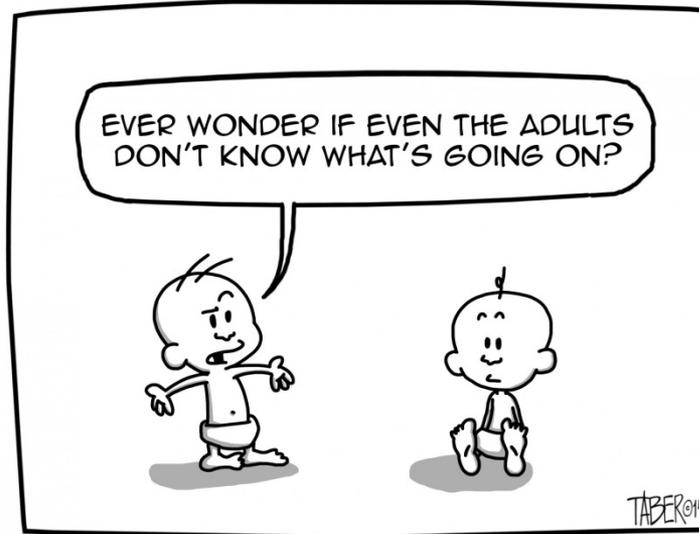
The Oregon Secretary of State's website also has information at:
<http://sos.oregon.gov/Pages/index.aspx>



FURTHER QUESTIONS?

If you have a question about your specific circumstance, please give Tara a call after the seminars.

- Tara Choate - 503.986-0184 - 7:30 - 4:30 - M-F



1/2 DAY FISCAL WORKSHOPS

- August 25 – Salem (Forestry Building) – 10am-2pm
2600 State St. NE, Salem, OR 97301 – Tillamook Conference Room
- September 9 - Reedsport
- September 21 – Gresham
Sandy River Basin Watershed Council Learning Center, 26000 SE Stark Street, GE Building, Gresham, OR 97030
- September 22 – Central Point (Jackson SWCD) – 2:30-5:00pm
- September 23 – Klamath Falls - 10am-2pm
205 Riverside Drive, Klamath Falls, OR 97601
- September 24 – Bend - 11am-3pm
East Bend Library, 62080 Dean Swift Rd., Bend, OR 97701
- September 29 – Pendleton - 10am-2pm
- September 30 – Baker - 10am-2pm

If you would like to attend any of these trainings, please RSVP with Tara Choate. We have confirmed the date and city, but we are still working on exact locations and will contact participants with the details.

