



Indirect Rate Policy

Definitions

In relation to subcontracts that Resilient Virginia may undertake with other entities, we recognize two types of costs related to subaward budgets:

- 1) **Indirect costs** are the ongoing expenses that may extend across multiple departments of the organization and are necessary to keep the organization running. These costs typically fall within the General and Administrative cost categories, and can include expenses related to information technology functions, supervision, administrative personnel, security costs, insurance, rent, telephone, utilities, legal fees, repairs and maintenance, etc.
- 2) **Direct costs** are the costs directly associated with the project that the subcontractor is engaged to perform. These can include office supplies, travel related to the project, equipment and materials, salary costs, fringe benefit costs*, and any other type of cost that can be directly attributed or is directly needed to accomplish the project.

***Note** that fringe benefit costs are defined as compensation offered an employee in addition to direct wages or salary, for example, health insurance, paid holidays, pensions, or personal use of a company owned vehicle. Fringe benefits can be a direct cost (for personnel working directly on a project) or can be included in the computation of an indirect cost (e.g., the fringe benefits of administrative personnel), depending on the function of the employee associated with the fringe benefits.

Policy

Indirect costs – Generally, Resilient Virginia’s policy is to allow organizations that are subcontractors to request up to 10% of the sum of the direct costs of the subaward as an indirect cost. Where not explicitly stated in a subcontract to be higher or lower, applicants may request 10% in indirect costs. In some cases, the primary award to Resilient Virginia may dictate a higher or lower indirect rate requirement for subcontractors, and will govern the subaward amount allowed.

Direct costs – Resilient Virginia allows subcontractors to request any type of costs that can be directly attributed to the project and that are well justified, i.e., can be specifically associated with achieving the outcomes of the project, and are within the subaward cost limitations. However, specific primary contracts may denote limitations on direct costs or denote excluded items. Direct cost requests must be detailed, itemized, and clearly identified in the subcontractor budget.