

## Guidance on Indirect Costs for Children's Cabinet Interagency Fund (CCIF) [NOFA](#)

Maryland Governor's Office for Children (GOC)

**Definition:** Indirect costs are expenses that cannot be attributed to individual projects or initiatives but are necessary for an organization's overall operation and administration.

### Why Use Indirect Costs Line Item

- **Compliance:** Ensures alignment with state guidance and federal regulations, preventing potential audit issues.
- **Full Cost Recovery:** Allows organizations to recover overhead costs fairly without requiring them to itemize each individual overhead expense.
- **Organizational Sustainability:** Supports maintaining infrastructure and staff essential to managing multiple grants and performing duties as a backbone organization.

### Indirect Cost Base and Rate for GOC

- The indirect cost base for GOC is modified total direct costs (MDTC).<sup>1</sup>
- The indirect cost rate is up to 15% of modified total direct costs (MDTC).<sup>2</sup>
- Example: An organization with a \$100,000 allocation could potentially request \$13,043 in indirect costs. This presumes a modified total direct cost of  $\$86,957 \times 15\% = \$13,043$ .

### Examples of Indirect Costs

*The following are examples of line item expenses that are commonly included in the indirect cost recovery rate if they can't be attributed to individual initiatives or systems change activities.*

1. **Facilities & Operations**
  - Building rent, property taxes, depreciation
  - Utilities (electricity, water, gas, trash removal)
  - Repair and maintenance of shared spaces (e.g., hallways, conference rooms)
  - Landscaping and security services for the entire facility
2. **Administrative & Management**
  - Salaries and benefits for central staff (finance, payroll, HR)
  - Annual software licenses for accounting, HR, or general management systems
  - Organizational insurance (general liability, directors and officers)
3. **Professional & Institutional Services**
  - External audit, accounting fees, and general legal counsel
  - Bank fees, payroll processing fees, and other institution-wide financial services
4. **Office & IT Support**
  - Shared office equipment (copiers, printers, scanners) and office supplies that cannot be attributed to either community support or systems change activities
  - Telecommunications (organization-wide phone systems, internet)
  - Centralized IT support, help desk services, network security
5. **Other Shared Costs**
  - Organization-wide subscriptions or dues
  - Postage and shipping fees for general administrative correspondence

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<sup>1</sup> Per [OMB Uniform Guidance](#) the first \$50,000 of each subcontract is included in the modified total direct cost (MTDC) base and any amount exceeding \$50,000 is excluded.

<sup>2</sup> The current federal de minimus rate is 15% of MTDC per the latest OMB guidelines. The State of Maryland statutes support recovery of indirect costs in compliance with the OMB Uniform Guidance.