

Borrego Water District

Indirect Cost Policy for Project Grants and Contracts for Applicant Organizations

Definition

The Borrego Water District (BWD) indirect costs as:

- Overhead expenses or ongoing operational costs incurred by the applicant organization on behalf of the organization's activities and projects, but that are not easily identified with any specific project.
- Administrative or other expenses which are not directly allocable to a particular activity or project.
- Expenses related to general operations of an organization that are shared among projects and/or functions.
- Basic examples include executive oversight, existing facilities costs, accounting, grants management, legal expenses, utilities, and technology support.

Other Funding

BWD is a government agency and is not committed to matching the indirect cost rates of the U.S. government or other entities. We recognize this means that: (a) some grantees may need to engage in cost-sharing between projects, tap into unrestricted funds, or conduct other fundraising to cover operations; or (b) some contractors may choose not to contract with BWD. However, we believe our policy is consistent with that of many private foundations/conservancies and certain government entities that have a flat or maximum rate that caps the amount an applicant institution can charge.

Maximum Indirect Cost Rates

Indirect cost rates for grants and contracts are subject to the following limitations:

0% rate

Government agencies,
Other private foundations

0% rate

U.S. universities,
U.S. community
colleges

Up to a 10% rate Non-

governmental organizations
(NGOs), International
organizations, Non-U.S.
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- Indirect Costs Reimbursements = Rate % * Total Project Costs (incl. personnel, sub-contracts, supplies, equipment, etc.)
- Rates and limitations apply to *both* the primary applicant organization and any sub-grantees and sub-contractors. Each respective organization may receive indirect costs up to the rate applicable to their organization type.
- The rates provided above are the *maximum* rates allowed under BWD's policy. A grantee or contractor with an actual indirect cost rate lower than the maximum rate provided above should *not* increase the funding request to the maximum allowed.

Given the policy provides an 'UP TO' percentage amount for NGO's, International Organizations, and Non-US Universities, the indirect cost rate approved may be anywhere from 0% to 10% depending on the specific situation. For example:

- *Example 1:* A large grant may be awarded a lower indirect cost rate to reflect reduced overhead required to adequately manage a large grant's direct costs. Actual administrative and maintenance costs do not necessarily increase in direct proportion to grant funds.
- *Example 2:* If a primary grantee is receiving grant funds which are largely sub-granted to another organization, BWD may limit the indirect costs the primary grantee receives on the sub-granted funds. Therefore, to reflect this, the rate could be less than the maximum allowed rate for the primary grantee.