



## Indirect and Fringe Benefits Guidance and Policy

### Definitions/Guidance

The Trust uses two terms to describe the classes/categories of budget requests:

- 1) **Direct costs** are the costs directly associated with the project. These can include supplies, materials, equipment, salary costs, fringe benefit costs,\* and any other type of cost that can be directly attributed or is directly needed to accomplish the project.
- 2) **Indirect costs** are the ongoing expenses necessary to keep the organization running, incurred in "joint usage" (i.e., across multiple departments) and, therefore difficult to assign to or identify with a specific "cost object" (department, function, program, project). Examples include IT, maintenance, security, supervision, administrative personnel, security costs, insurance, legal fees, rent, repairs, telephone, utilities, legal fees, etc. The Trust does not use the term "overhead."

**\*Fringe benefits** are defined as compensation offered an employee in addition to direct wages or salary. Fringe benefits commonly include health insurance, group term life coverage, education reimbursement, childcare and assistance reimbursement, cafeteria plans, employee discounts, personal use of a company owned vehicle, house allowance, paid holidays, pension schemes, subsidized meals. Some fringe benefits are regarded part of a taxable income. Fringe benefits could 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 the employee associated with the fringe benefits (direct project personnel or administrative).

### Policy

**Direct costs** – The Trust allows applicants to request any type of cost that can be directly attributed to the project and well justified, i.e., can be specifically associated with achieving the outcomes of the project, though see specific Requests for Proposals for any specific limitation on direct cost requests or excluded items. Direct cost requests must be detailed, itemized (listed on separate lines in the budget), and clearly identified in the budget form. Examples of traditional direct costs include supplies, materials, salary and fringe benefits of personnel directly working on the project, field trip fees, substitute teacher fees, etc.

**Indirect costs** - Applicants should refer to the specific Requests for Proposals for direction on any limitation on the indirect cost request. Generally, the Trust's policy is to allow organizations to request up to 10% of the sum of the direct costs as an indirect cost. Where not explicitly stated in a Request for Proposals to be higher or lower, or required as a result of 2-CFR – 200, applicants may request 10% in indirect costs. (If the direct costs total \$100,000, an applicant can request \$10,000 in indirect cost, for a total grant request of \$110,000). Governmental agencies that receive over \$35,000,000 in Federal funding during their fiscal year are ineligible for the 10% de minimis rate as per EPA General Terms and Conditions Effective October 1, 2018. However, those organizations don't then HAVE to ask for the full negotiated indirect rate in proposals. Some percentage may be offered as match.

**Fringe Benefits** - Applicants may request both salary costs (the actual take-home pay of the staff person) and fringe costs for personnel, but they must be listed separately on the budget form. Unlike the federal government, we do not allow applicants to lump salary and fringe into one "personnel" budget line.