Early Years

A Comprehensive Approach to Enhancing Early Care and Education

Eastern Region CCR&R Services Program Contractors RFA

Frequently Asked Questions

What is the indirect rate?

Short Answer*:* Please see the information below. After Eastern Region CCR&R Services Territory Contractors are identified, Early Years will work with those agencies individually.

Long Answer:

Nonprofit indirect costs (like rent, utilities, and administrative salaries) are shared expenses that support multiple programs. Under federal rules [2 CFR 200] (2 CFR 200.414), these costs are legitimate and must be reimbursed. Nonprofits can either charge a flat 15% rate or negotiate a custom rate with the government.

Key Rules and Methods

1) **The 15% De Minimis Rate**: Any nonprofit without a federally negotiated rate can choose to charge a flat 15% rate on Modified Total Direct Costs (MTDC). This means you multiply your direct costs by 0.15 to cover overhead.
2) **Negotiated Indirect Cost Rate Agreements (NICRA)**: Larger nonprofits can apply for a NICRA to recover their true overhead percentage. This involves a detailed audit of your financials. Federal agencies and pass-through entities must accept this negotiated rate.
3) **Modified Total Direct Costs (MTDC)**: Both the 15% method and NICRAs generally exclude major purchases (like equipment) and subcontracts over $50,000 from the base total before calculating the percentage.

Direct vs. Indirect Costs

To follow the rules, you must categorize your expenses correctly:

- **Direct Costs**: Expenses that apply to *only one* program. Examples include the salary of a project manager, or travel supplies meant for one specific workshop.
- **Indirect Costs**: Expenses that apply to *all programs*. Examples include the Executive Director's salary, accounting software, rent for the office, and the annual audit.

Unallowable Costs: You cannot charge fundraising or lobbying costs to a government grant.

Should we apply for a Territory as it is currently configured, or would it be more appropriate to apply for the counties where we have established relationships and where providers regularly utilize our resources and frequently seek our support through professional development and technical assistance services?

Answer: We cannot tell you what to apply for. You should submit an application that reflects the services you are interested in providing.

When completing the RFA Requirements, do I need to answer the 5 application questions in no more than 10 pages?

Answer: As noted on page 7 of the RFA, that is correct.

As I answer the questions, can I attach documentation that will support my answers?

Answer: You may choose to attach limited supporting document. However, since this is not a required part of the application, it may or may not be considered during application review and scoring.

Do we have to pay for WorkLife Systems (WLS) if we receive the contract?

Answer: No, Early Years has included the cost of WLS in its budget.