



Calculating De Minimis Rate of 15% of Modified Total Direct Cost

What is the Modified Total Direct Cost?

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award).

MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000.

Eligible Organizations

- Non-federal entities which have never held a negotiated rate are eligible to elect the de minimis rate of 15% of modified total direct costs (MTDC).

Ineligible Organizations

- State or Local Governments and Indian Tribes receiving over \$35M in direct federal funding are not eligible to elect the 15% de minimis rate of MTDC. (2 CFR §200 Appendix VII D(1)b1).
- Non-federal entities who have now, or have had in the past, a negotiated indirect cost rate or approved cost allocation plan.

Included in MTDC Calculation	Excluded from MTDC Calculation
Salaries and Wages	Equipment
Fringe Benefits	Capital Expenditures
Materials and Supplies	Charges for Patient Care
Services	Tuition Reimbursement
Travel	Rental Costs
Sub-Awards (First \$25,000 of each sub-award)	Scholarships and Fellowships
	Participant Support Costs
	The portion of each sub-award in excess of \$25,000

Direct Charge of Administrative Costs

Admin and clerical salaries should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met: (1) services are integral to a project or activity; (2) individuals involved can be specifically identified with the project or activity; (3) costs are explicitly included in budget or have the prior written approval of awarding agency; and (4) the costs are not also recovered as indirect costs.