

Memo

To: Office of Justice Program (OJP) Grantees
From: Kim Babine, Interim Executive Director
Re: De Minimis Indirect Cost Rate Increase from 10% to 15%
Date: March 2025

The Federal Office of Management and Budget (OMB) increased the federal de minimis indirect cost rate to 15% on October 1, 2024. This change applies to the de minimis rate, which is a percentage of modified total direct costs (MTDC). A de minimis indirect cost rate can be used by nongovernmental entities that do not have a current a current federally negotiated indirect cost rate agreement (NICRA).

While this is a change at the Federal level, the Minnesota Department of Public Safety Office of Justice Programs has aligned with the new Federal guidance with all state funds granted through OJP.

The increase is intended to help ensure that organizations are fairly compensated for their overhead costs.

How to claim reimbursement for the new 15% indirect rate

Organizations can request a budget revision by contacting their grant manager. A new *De Minimus Indirect Cost Rate Request* form must be completed and submitted with the budget revision.

IMPORTANT TO NOTE: if an organization chooses to increase their indirect budget to 15%, this will reduce other area(s) of the budget by the same amount. The budget total will remain the same. For example:

Budget Category	10% Indirect Rate	15% Indirect Rate
Personnel	\$52,909.09	\$52,000.00
Payroll Tax and Fringe	\$20,000.00	\$20,000.00
Office Expenses	\$5,000.00	\$4,956.52
Program Expenses	\$10,000.00	\$8,000.00
Travel Expenses	\$3,000.00	\$2,000.00
Indirect expenses	\$9,090.91	\$13,043.48
Total	\$100,000.00	\$100,000.00

If an organization would like to claim the 15% rate retro-actively back to October 1, 2024, be sure there are enough funds remaining in your budget to do so and contact your grant manager for further instruction.