

Competitive Grant Program: 10% Percent Cap on Administrative Costs



The National Telecommunications and Information Administration (NTIA) offers this resource to help Digital Equity Competitive Grant Program (Competitive Grant Program) applicants adhere to the 10% cap on administrative costs.¹ This primer explains the limitation, defines related terms, and offers best practices on tracking and calculating costs. **Note, applications that proceed to programmatic review and exceed the 10% administrative cap will undergo additional curing until the application is compliant with the cost limitation.**

WHAT IS THE 10% LIMITATION?

47 U.S.C. § (d)(2)(C) prohibits entities awarded a grant under the Competitive Grant Program from using more than 10% of the grant amount for expenses relating (directly or indirectly) to the administration of the Competitive Grant Program grant.

The administrative cost cap applies to the administrative costs incurred by the recipient to carry out the grant. The administrative cap does not apply to administrative costs incurred by subrecipients in the management of their projects and programs. In all cases, administrative costs must be reasonable. In addition, applicants should understand that the 10% administrative cost cap applies to the entire award - both the federal award and the recipient match. Lastly, applicants should note that evaluation costs are a separate cost category. Costs must be classified as either administrative costs or evaluation costs - not both.

How to Calculate the 10% Limitation

As seen in **Figure 1**, at application, the 10% percent limitation should be calculated based on the total Competitive Grant Program grant amount. To calculate this number applicants should take their total requested grant amount and multiply it by 0.10.

Figure 1: 10% Limit Calculation

$$\text{TOTAL GRANT AMOUNT (FEDERAL SHARE AND MATCH)} \times 0.10 = 10\% \text{ GRANT ADMINISTRATION COST LIMIT}$$

Example of a 10% Limitation

As seen in **Figure 2**, if an applicant's award request (federal share plus proposed match) is \$7,000,000 it would mean that they can spend up to \$700,000 on administrative costs and must not exceed that cost limit.

Figure 2: 10% Limit Calculation Example

$$\begin{array}{ccc} \$ 7,000,000 \times 0.10 = \$ 700,000 \\ \text{Total Grant} & & \text{Grant Administration} \\ \text{Amount} & & \text{Cost Limit} \end{array}$$

¹ This document is intended solely to assist applicants in better understanding the Digital Equity Competitive Grant Program and the requirements set forth in the Notice of Funding Opportunity (NOFO) and follow-on policies and guidance for this program. This document does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, the terms and conditions of the award, or the specific application requirements set forth in the NOFO. In all cases, statutory and regulatory mandates, the terms and conditions of the award, the requirements set forth in the NOFO, and follow-on policies and guidance, shall prevail over any inconsistencies contained in this document.



Competitive Grant Program: 10% Percent Cap on Administrative Costs



DEFINITION OF TERMS

Administrative vs. Programmatic Costs

It is important for applicants to define and categorize costs related to the administration of the Competitive Grant Program, as they are subject to specific limitations and reporting requirements. **Administrative costs** are those expenses incurred by the grant applicant in support of the day-to-day operations. **Programmatic costs** are directly tied to the delivery of a particular project, service, or activity and undertaken by a recipient to achieve program outcomes.



WHAT ADMINISTRATIVE COSTS COUNT TOWARD THE 10% LIMIT?

Recipient administrative actions will be subject to the 10% administrative cost cap. Activities conducted **by** the subrecipient typically don't count against the administrative cap, but activities that the recipient conducts related to subrecipients **will** be subject to the cap (e.g., subgrantee selection).

Costs Subject to the 10% Cap

Examples of costs typically subject to the administrative 10% cap are available in the list below. Please note this is NOT an EXHAUSTIVE LIST.

Financial

- Accounting
- Auditing and audit preparations
- Contracting
- Budgeting and budget preparation
- General legal services
- Drawing down funds from the Automated Standard Application for Payments (ASAP)
- Unfunded grant actions

Operations/Occupancy Costs

- Direct costs
- Indirect costs
- Insurance
- Maintenance
- Depreciation on buildings
- General Liability Insurance
- General office supplies
- Travel costs for grants administration

General

- Salaries, wages and fringe benefits
- Grants-related policy and procedure development
- Grants monitoring/reporting as required by NTIA



Competitive Grant Program: 10% Percent Cap on Administrative Costs



TRACKING COSTS

In accordance with 2 CFR 200 and the Competitive Grant Program NOFO, applicants are required to track, categorize, and report costs associated with the 10% percent limitation. Applicants should include that information in the Narrative section of each Year Tab in the Consolidated Budget Form (CBF).

Applicants should refer to the **Competitive Grant Program CBF Guidance** for tips on how to properly and accurately record and identify administrative costs on the CBF for an accurate calculation of their administrative costs.



10% CAP POST-AWARD

Applicants should understand that if awarded, the 10% cap will apply to the total grant allocation reflected on their CD-450. In some cases, this allocation may be different than the amount requested in the initial application.



ADDITIONAL QUESTIONS

For additional questions on administrative costs both subject and not subject to the 10% percent limitation, please email the DE inbox at: digitalequity@nita.gov