

Federal De Minimis Rate Change Effective 10.01.24 for Outgoing MSU Subawards

Due to updates to the Federal Uniform Guidance (UG), a change to the Federal de minimis rate is in effect as of 10/01/24. The new rate is 15% Modified Total Direct Costs (MTDC)- and the definition of MTDC in this case includes up to the first \$50,000 (formerly, the first \$25,000) of each lower tier subaward. The de minimis rate is not applicable for subawards where the prime award includes a sponsor-imposed indirect cost cap that is less than the de minimis rate.

For MSU proposals submitted on or after 10/01/24 with subawards electing the de minimis rate:

MSU may submit proposals that include subawards to entities without a Federally Negotiated Indirect Cost Rate Agreement (NICRA) at the higher de minimis rate even if the Notice of Funding Opportunity does not yet indicate that 2024 UG Revisions will apply.

For new prime awards executed on or after 10/01/24, with subawards electing the de minimis rate:

Subrecipients may elect to use the new 15% rate, which includes the updated definition of MTDC (up to the first 50k of each lower tier subaward). This applies even if the proposal was written at the lower de minimis rate. However, the updated rule allows the use of a lower rate if the subrecipient chooses to do so. (NOTE: The pass-through entity may not compel the subrecipient to use the lower rate.)

Existing prime awards issued before 10/01/24 with subaward(s) currently using the 10% MTDC de minimis rate:

If the prime award is amended to apply the 2024 UG Revisions, then the revisions must apply to subawards issued under the award as well. The pass-through entity must amend any subawards already issued under that award. If you have a prime award that receives an amendment to apply the 2024 UG Revisions, and the award has subawards, please let the subawards team know by emailing subawards@montana.edu. The subaward(s) will be evaluated on a case-by-case basis to determine the impact to the subaward(s).

If the Federal agency has not applied the 2024 UG Revisions to an existing award, the pass-through entity must not apply the 2024 UG Revisions to a subaward issued under that award, even if the subaward itself is issued on or after 10/01/24.