



Policy on Indirect Costs

Mission, Philosophy and Background

The mission of the New Mexico Resiliency Alliance (NMRA) is to strengthen the resiliency of New Mexico's rural and underserved communities through mobilizing and leveraging resources and collaborative partnerships that enhance the economic vibrancy and quality of life of its residents. We strive to engage the mission by leveraging and disseminating funding in a manner that supports long term community revitalization strategies.

The following values comprise the foundation of our work:

- **Community Resilience:** A resilient community is one that has an awareness of its strengths and a high capacity to utilize those assets to adapt to changing conditions in order to revitalize and sustain economic activity, social connectivity, and quality of life.
- **Collaborative Partnerships:** Partnership building is critical to our work. We strategically build an alliance of partners around mission alignment to articulate shared purpose, reduce redundancy, and amplify cross-sector impact.
- **Asset-based Economic Development:** Lasting change is founded upon community involvement, leadership development, and relationship building. Communities must know their strengths and utilize these assets (physical, human, social, etc.) to build a better future. Asset-based community development relies on locally-driven, locally controlled projects that connect people to each other and to place.
- **Incremental Change:** We take a long view of systems change, recognizing that an iterative approach is necessary, as is celebrating small victories along the way to long-term change.
- **Effective Communication:** We strive to utilize strategic messaging to effectively tell local success stories, to shift the dialogue around local economic development in New Mexico, and to raise organizational visibility and issue awareness.

The NMRA provides grants through the ***Resilient Communities Fund*** for community development projects throughout the state. We believe that good stewardship includes maximizing our resources provided to communities while at the same time building strong partnerships to support resiliency. We aim to structure grants in a way that makes sense from a financial perspective while also funding projects that deliver results efficiently. As grant proposals are reviewed, we try to gain a complete and accurate understanding of the total cost to execute the project efficiently and effectively. Similarly, the NMRA may execute contracts or other instruments with partners or contractors in the advancement of our mission, and we apply the same critical lens to offerors of respondents to any Request for Proposals (RFP) or Request for Qualifications (RFQ) published by the NMRA.

Definitions

Our focus on building resilience in underserved communities is paramount, and should be clearly understood by our grantees, contractors and partners. Furthermore, the spirit of this policy is to consider expenses that are directly attributable to project/contract outcomes and outputs as direct costs and expenses associated with general running of the business as indirect costs. Greater specificity on each category is described below.

Community Resilience: A resilient community is one that has an awareness of its strengths and a high capacity to utilize those assets to adapt to changing conditions in order to revitalize and sustain economic activity, social connectivity, and quality of life.

Underserved Communities: NMRA intends to align grant making in support of “marginalized” communities as described by the National Committee for Responsive Philanthropy – those with higher percentages of residents that are economically disadvantaged, comprised of ethnic and racial minorities, have a record of low performance among social, health and wellbeing indicators, or have been traditionally underserved by social, political, governmental, institutional and other systems.

Direct Costs: Direct costs are the expenses required to execute a grant or contract that are directly attributable and can be reasonably allocated to the project. Program staff salaries, travel expenses, materials, and consultants required to execute the grant or contract are examples.

Indirect Costs: Indirect costs are general overhead and administration expenses that support the entire operations of a grantee or contractor and that may be shared across projects. Examples include facilities expenses, e.g. rent, utilities, equipment for the grantee’s headquarters, and associated information systems and support and administrative staff such as HR, general finance, accounting, IT, and legal. Expenses that would be incurred regardless of whether the grant/contract is funded are often indicative of indirect costs.

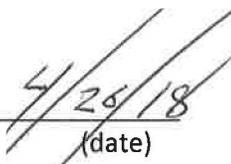
Maximum Indirect Cost Rates

The NMRA Board of Directors has adopted a policy limiting Indirect Costs (including Facilities and Administration costs) to no more than 10% of the total cost of the project or service contract funded by the organization. This policy applies to governmental organizations, colleges and universities, non-governmental organizations/nonprofit corporations, private foundations and for-profit entities. Furthermore, the indirect cost rate proposed in any grant/contract budget should not exceed the offeror’s organizational rate if less than 10%.

This policy became effective on April 20, 2018 and retroactively applies to all previously published RFP’s and RFQ’s. The NMRA may periodically grant exceptions to this policy for the purpose of providing organizational challenge grants or leadership development and capacity-building initiatives that enhance community resiliency in New Mexico.

By:


Erick J. Aune, President


(date)