

Budget Modification Job Aid for Providers claiming an ICR greater than 10%

The Indirect Cost Rate (ICR) Funding Initiative is intended to add funding for Indirect Costs in eligible NYC Health and Human Service contracts while aligning cost treatments with the [Cost Manual](#). This job aid offers step-by-step guidance on how to identify additional funding needs and budget modifications. All capitalized terms are defined in the [Cost Manual](#) located at nyc.gov/nonprofits.

- FIRST:** Providers must develop an organizational ICR. To do this, providers:
 - Allocate their organization's costs according to the guidance in the [Cost Manual](#).
 - Once costs are allocated, providers can determine their Direct Cost Base and Indirect Cost Base, which are necessary to calculate their ICR.
 - Providers detail their calculations in a Schedule of ICR.
 - To obtain an Accepted ICR from the City of New York, any organization with an ICR greater than 10% must verify that rate through either (a) an Independent Accountant's Report, accompanied by the Schedule of ICR, or (b) a federal Negotiated Indirect Cost Rate Agreement (NICRA).

- SECOND:** Provider must determine if additional ICR funding is necessary on a contract-by-contract basis. Once an organization establishes its ICR, it must then review its current contract budgets to ensure that their individual fiscal year contract budgets allocate costs in alignment with their Schedule of ICR. Costs may need to be reallocated from direct to indirect (or vice versa).
 - **To illustrate this activity, we provide the following example:**

Historically, a provider has directly charged its Accountant to the Personnel Services line in its contract budget. In preparing its Schedule of ICR, and in compliance with the [Cost Manual](#), this Accountant has been determined to be an Indirect Cost. Accordingly, the established ICR was calculated with this Accountant in the Indirect Cost Base. The provider now must identify the adjustment on the Delta Template in the "Cost Treatment" columns and submit a budget modification in HHS Accelerator (HHS) to move the cost of the Accountant from the Personnel Services tab to the Indirect Rate tab. We suggest watching the Budget Modification video provided on the Indirect Cost Rate Implementation Webpage on nyc.gov/nonprofits.

- THIRD:** Where costs need to be reallocated from direct to indirect (or vice versa), Providers must indicate the adjustment on their Delta Template in the "Cost Treatment" columns.

- FOURTH:** Provider submits the Delta Template and any necessary Verification Documentation to the CIT.

- FIFTH:** Where costs need to be reallocated from direct to indirect (or vice versa), Provider must submit budget modification(s) in HHS. The budget modification reallocates funding within the total contract value between specific line items. (The amendment process, detailed in the sixth step, is required to increase the overall value of the contract.)

- SIXTH:** Once a Provider has an Accepted ICR from the City of New York, Agencies will work with the Provider on contract amendments to add funding to the total contract value. Providers should not wait for amendments to be initiated or registered to submit their budget modifications in HHS.
 - The City will not be processing negative amendments. However, in cases where the accepted Delta Template indicates a negative amendment value for a particular contract, Providers should

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work directly with the contracting City Agency to reallocate those costs to appropriate Direct Cost line items.

➤ ***To illustrate this activity, we provide the following example:***

To illustrate this activity, we provide the following example: A Provider may request to reallocate excess ICR funding to previously underfunded direct lines like rent, utilities or personnel services. This funding may also be reallocated to a new Direct Cost, as appropriate to meet the objectives of the contract and all relevant guidelines. This reallocation is a collaborative exercise and final approval is at the discretion of the contracting Agency.

- SEVENTH:** For more information on cost treatments, please see Section IV. of the [Cost Manual](#). For additional technical assistance on budget modifications relating to the ICR Funding Initiative, please visit us at nyc.gov/nonprofits.