

Talking points for a 4% indirect cost allocation to private funds managed by the State Library

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The State Library proposes a 4% indirect cost allocation on private funds administered by the State Library to support statewide projects.

As a state agency the State Library is required to pay indirect costs incurred through the operation of state government and allocated to agencies according to the Statewide Cost Allocation Plan (SWCAP).

Examples of indirect costs allocated through the SWCAP include building depreciation, certain Department of Administration personnel, personnel from the Office of Budget and Program Planning, etc.

[Montana Code Annotated 17-1-106](#) requires that: An agency receiving nongeneral funds shall, in accordance with all applicable regulations, guidelines, or grant rules governing those funds, *negotiate indirect cost reimbursement amounts and methodologies so that the agency may recover indirect costs.*

Examples of nongeneral funds received by the State Library include private funds used to administer the Montana Shared Catalog and Montana Library 2 Go; Montana Land Information Act monies, federal contracts and grants.

To date, the Montana State Library has not negotiated indirect cost reimbursement for private funds from statewide projects because we have been able to pay our indirect costs through other sources of funding including federal contracts and, most recently the SWIM and BTOP grants.

The State Library is no longer able to afford to pay our indirect costs without negotiating an indirect cost reimbursement from private funds including the MSC and Montana Library 2 Go.

The State Library proposes a 4% indirect cost rate because it is consistent with the indirect cost rate allowed by the Institute for Museum and Library Services for Library Services and Technology Act funds.

A 4% indirect cost rate will primarily cover SWCAP costs for the State Library.

SWCAP is just one example of costs borne by the State Library. Other costs include administrative costs such as insurance, audit costs, and ground maintenance as well as personnel costs for central services staff.

As a proportion of the State Library's total budget, the indirect cost share for private funds is currently approximately 11%.