

## Update to Indirect Cost Rate Adjustments for NSF Small Business Innovation Research (SBIR) / Small Business Technology Transfer (STTR) Solicitations

Recent updates to the Federal Government's Uniform Guidance that went into effect on October 1, 2024, have prompted adjustments to indirect cost rates for NSF's SBIR/STTR solicitations. These updates include increases to the indirect cost *de minimum* rate from 10% to 15% and increases to the Modified Total Direct Cost (MTDC) from up to the first \$25,000 to up to the first \$50,000 of each subaward.

### [NSF 24-579 SBIR/STTR Phase I](#)

**Line I. Indirect Costs.** Indirect costs are defined as costs that are necessary and appropriate for the operation of the business, but which are not specifically allocated to the project. Common indirect cost expenses include legal and accounting expenses, employee health insurance, fringe benefits, rent, and utilities. If your small business has a Federally negotiated rate, please provide a copy of the negotiated indirect cost rate agreement. If your organization has no negotiated rate with a federal agency, and no previous experience with Federal indirect cost rate negotiation, you may claim (without submitting justification) a total amount of indirect costs (inclusive of fringe benefits) either up to 50% of total budgeted salary and wages on the project or equal to **15% de minimis** on Modified Total Direct Costs on the project.

### [NSF 24-580 SBIR/STTR Phase II](#)

If the proposing small business has no suitable history of financial data from which to extrapolate, it may claim (without requiring a justification) a total amount of indirect costs (inclusive of fringe benefits) either up to 50% of total budgeted salary and wages on the project or equal to **15% de minimis** on Modified Total Direct Costs on the project.

*Modified Total Direct Cost (MTDC): MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to **the first \$50,000** of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward **in excess of \$50,000**. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.*

### [NSF 24-582 SBIR/STTR Fast-Track](#)

If the proposing small business has no negotiated rate with a federal agency, and no previous experience with Federal indirect cost rate negotiation, you may claim (without submitting justification) a total amount of indirect costs (inclusive of fringe benefits) either up to 50% of total budgeted salary and wages on the project or equal to **15% de minimis** on Modified Total Direct Costs on the project.

*Modified Total Direct Cost (MTDC): MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to **the first \$50,000** of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward **in excess of \$50,000**. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.*

Applicants are encouraged to incorporate these budgetary guidelines, as needed.

For proposals that have already been submitted with the lower *de minimis* and subaward amounts, the NSF SBIR/STTR program directors will provide an opportunity to address any necessary adjustments as part of their due diligence and budget review processes.

For questions, please contact us at [SBIR@nsf.gov](mailto:SBIR@nsf.gov).

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