



## MEMORANDUM

DATE: December 14, 2022  
TO: SOS 3.0 Awardees - ADAMH Boards and Direct Funded Community Partners  
FROM: Valerie Alloy, Ph.D., Chief, Grants Administration Bureau  
RE: State Opioid & Stimulus (SOS) 3.0 Indirect Rate and NOSA Field Guidance

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This communication is provided as field guidance on SOS 3.0 budgets. Upon receipt of the SOS 3.0 Notice of Award (NOA) on September 23<sup>rd</sup>, 2022, the Ohio Department of Mental Health and Addiction Services received direction from SAMHSA regarding SOS grant budget requirements. Specifically, the information provided guidance regarding the difference between Indirect Rates vs Indirect Costs. This additional guidance represents a change from our past practice regarding the indirect rate for SOS 3.0 sub awardees.

### SOS 3.0 INDIRECT BUDGET ITEMS:

#### SOS 3.0 Indirect Rate (Indirect Cost Rate)

Please note that federal documents cited (FAIN H79T1085753 awarded 9/23/22) refer to the “indirect rate” also as the “indirect cost rate.”

**Definition:** An **indirect cost rate** represents the ratio between the total indirect costs and benefiting direct costs. An indirect cost rate is a mechanism for determining what proportions equal an organization’s administrative cost (U.S. Department of Education, 2021).<sup>1</sup>

The **indirect rate** allowable on the SOS 3.0 OhioMHAS award is **up to 5% of the award**. The funding direction for the SOS 3.0 project taken directly from the Notice of Award (NOA) (FAIN H79T1085753 awarded 9/23/22) is as follows:

*“No more than 5 percent (5%) of the total grant award for the budget period may be used for administrative costs (i.e., indirect cost) and developing the infrastructure necessary for expansion of services”.*

The **indirect rate** allowable on the SOS 3.0 OhioMHAS award is also **up to 5% of the sub awardee award**. The Department will work with SOS grantees to help define allowable administrative and indirect costs to meet the 5% budget category requirement. Any application with an indirect rate that exceeds 5% and does not meet the above criteria will be returned for revisions.

The Department recognizes that some awardees may need assistance in meeting the 5% SOS 3.0 indirect/administrative budget requirement. We will work with our partners to help successfully achieve this budget alignment.

The State Opioid & Stimulus (SOS) 3.0 Grantee Notices of Subawards (NOSA’S) will be issued and the processing of disbursements for reimbursed SOS 3.0 grant expenses will be contingent upon SAMHSA’s final approval of the SOS 3.0 budget.

<sup>1</sup>[https://www2.ed.gov/about/offices/list/ocfo/fipao/abouticg.html#what\\_is\\_an\\_indirect\\_cost\\_rate](https://www2.ed.gov/about/offices/list/ocfo/fipao/abouticg.html#what_is_an_indirect_cost_rate)