INDIRECT COST RATE (ICR) POLICY – For Subrecipients of non-federal and federal funds

HISTORICAL POLICY
Since inception, the Endowment has been committed to maximizing funds spent directly on programmatic costs. The Endowment has never charged an indirect cost rate (ICR) to its funding partners and maintains a 0% ICR with all federal partners. Historically, the policy for the Endowment’s Subrecipients defined a maximum indirect rate of 15% to be applied to all direct costs excluding travel and equipment purchases.

The Endowment makes Subrecipient awards of both federal (typically received through cooperative or other agreements with agency partners) and non-federal (from the Endowment’s corpus) funds.

NEW POLICY
The Endowment will no longer use the historical policy summarized above. It is now the policy of the Endowment to either honor a federally negotiated rate or allow a Subrecipient to elect for a de minimus rate. This policy applies to both federal and non-federal funds. The two eligible paths for a Subrecipient:

1) If a Subrecipient has an approved federally negotiated ICR, the Endowment will honor that rate (2 C.F.R. §200.331(a)(4)). Subrecipients must provide the Negotiated Indirect Cost Rate Agreement (NICRA) along with their project proposal and budget.

2) If a Subrecipient does not have a NICRA, the Endowment will allow the 10% de minimus ICR if requested by the Subrecipient in its budget proposal (2 C.F.R. §200.331(a)(4)).

If a Subrecipient without a NICRA seeks more than the 10% de minimus, they may negotiate directly with the appropriate federal agency prior to selection as a Subrecipient of the Endowment.

FEDERAL POLICY BACKGROUND
Pursuant to the Office and Management and Budget’s (OMB) 2015 guidelines governing federal funding, the Endowment follows the rules prescribed at 2 C.F.R. §200.331 when establishing an ICR with a Subrecipient of funds—whether the funds awarded are federal, federal and non-federal (Endowment), or only non-federal*.

*The Endowment may, at its discretion, limit or prohibit ICR recovery for certain projects involving no federal funds. Any such variance of this policy will be noted in the Request for Proposals.
INDIRECT COST RATE (ICR) POLICY – FREQUENTLY ASKED QUESTIONS

Q: What does this mean in plain language?

A: The federal government has issued regulations establishing a common approach to indirect cost calculation and recovery. See 2 C.F.R. Part 200. The Endowment will follow this policy for all Subawards of federal and non-federal (Endowment) funds.

Q: May a Subrecipient voluntarily opt to use a lower or no indirect cost rate with the Endowment, even if it has a federally negotiated indirect cost rate?

A: Yes, a Subrecipient may voluntarily elect to use a lower or no ICR with Endowment funding programs. Such election must be made in the subrecipient’s initial proposal budget and not after being selected as a Subrecipient.

Q: If a Subrecipient does not have a NICRA and wishes to recover indirect costs above the 10% de minimus, may the Subrecipient use matching funds (as a part of their cost share match) to make up the difference?

A: Yes. A Subrecipient may indicate in their budget that funds allocated as “cost share match” to the Endowment award are used to recover indirect costs above the 10% de minimus.

Q: What happened to the Endowment’s policy allowing a 15% indirect cost rate (overhead)?

A: This new policy supersedes the previous Endowment policy on overhead costs/ICRs. This change is a result of new regulations and guidance published by the OMB effective 12.31.14.

Q: The OMB allows the Endowment to negotiate rates with individual Subrecipients who do not have a federal NICRA. Does the Endowment engage in negotiations with individual Subrecipients?

A: No. The Endowment’s policy provides the two options listed above and does not allow for one-on-one Subrecipient negotiations. This reduces the administrative burden on both parties, while allowing for the 10% de minimus in lieu of a negotiated rate. See OMB FAQ on 2 CFR 200, at .331-6 Pass-through Entities and Indirect Cost Rate Negotiations.

Q: What if a federal funding program directs a different approach to indirect cost rate recovery in its statutory authority, such as a Congressional/statutory prohibition on ICR recovery?

A: If a federal program’s organic statute handles indirect cost rates outside of the OMB’s general uniform guidance, Subrecipients will be allowed ICR recovery based on specific statutory authority.

Example: Congress has restricted indirect cost recovery by state cooperative institutions (i.e., “land grant” colleges and universities) under any cooperative agreement with the Department of Agriculture (USDA). See 7 U.S.C. §3319 (2014). As the Endowment is merely a pass-through entity of USDA under these cooperative agreements, land grant universities are not eligible for any ICR recovery on USDA funds.

Adopted August 2016.