

Required Indirect Cost Statement: All applicants except individuals applying for funds separate from a business or non-profit organization he/she may operate **must** include in the budget narrative one of the following statements and attach to their application any required documentation identified in the applicable statement:

“We are:

1. A U.S. state or local government entity receiving more than \$35 million in direct Federal funding each year with an indirect cost rate of *[insert rate]*. We submit our indirect cost rate proposals to our cognizant agency. A copy of our most recently approved rate agreement/certification is attached.
2. A U.S. state or local government entity receiving less than \$35 million in direct Federal funding with an indirect cost rate of *[insert rate]*. We are required to prepare and retain for audit an indirect cost rate proposal and related documentation to support those costs.
3. A *[insert your organization type; U.S. states and local governments, please use one of the statements above or below]* that has previously negotiated or currently has an approved indirect cost rate with our cognizant agency. Our indirect cost rate is *[insert rate]*. *[Insert either: “A copy of our most recently approved but expired rate agreement is attached. In the event an award is made, we will submit an indirect cost rate proposal to our cognizant agency within 90 calendar days after the award is made.” or “A copy of our current, approved rate agreement(s) is attached.”]*
4. A *[insert your organization type]* that has never submitted an indirect cost rate proposal to our cognizant agency. Our indirect cost rate is *[insert rate]*. In the event an award is made, we will submit an indirect cost rate proposal to our cognizant agency within 90 calendar days after the award is made.
5. A *[insert your organization type]* that has never submitted an indirect cost rate proposal to our cognizant agency and has an indirect cost rate that is 10% or higher. Our indirect cost rate is *[insert your organization’s indirect rate; must be 10% or higher]*. However, in the event an award is made, we will not be able to meet the requirement to submit an indirect cost rate proposal to our cognizant agency within 90 calendar days after award. We request as a condition of award to charge a flat *de minimis* indirect cost rate of 10% of modified total direct costs as defined in 2 CFR 200.68 and also excluding the amount of each subcontract exceeding \$25,000. We understand that we must notify the Agency in writing immediately if we do establish an approved rate with our cognizant agency at any point during the award period. We understand that additional Federal funds may not be available to support an unexpected increase in indirect costs during the project period and such changes are subject to review, negotiation, and prior approval by the Agency.
6. A *[insert your organization type]* that will charge all costs directly.

All applicants are hereby notified of the following:

- Recipients without an approved indirect cost rate are prohibited from charging indirect costs to a Federal award. (Accepting the 10% *de minimis* rate as a condition of award constitutes establishing an approved rate.)
- Failure to establish an approved rate during the award period renders all costs otherwise allocable as indirect costs unallowable under the award.
- Recipients are prohibited from shifting unallowable indirect costs to another Federal award unless specifically authorized to do so by legislation.