

## **INDIRECT COST FORM**

**Instructions:** This form must be completed by all organizations (non-profit, for-profit organizations, international organizations, and State and local organizations, etc.) applying to receive Federal cost reimbursable cooperative agreements under U.S. Department of Labor Solicitations for Cooperative Agreement Applications. For Applicants applying as an Association, this form must be completed by each Associate.

### **INDIRECT CHARGES**

Indirect cost charges should be based on allowable, allocable, and reasonable costs based on the applicable cost principles<sup>1</sup>. It is important to highlight the submission requirements of indirect cost proposals. As an example, OMB Circular A-122, Attachment A, Section E. 2 as codified at 2 CFR Part 230. Negotiation and Approval of Indirect Rates, states:

- A non-profit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award.
  
- Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency<sup>2</sup> within six months after the close of each fiscal year.

Negotiated Indirect Cost Rate Agreements (NICRAs) are used to support indirect cost claims. These documents should be current at the time of the award (See statement on Adequate NICRAs below). The final rates in the NICRAs are used for grant close-out purposes.

Regarding allocable costs, attachment A of the Circular, also states:

Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

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<sup>1</sup> OMB Circular A-122, as codified at 2 CFR Part 230 for non-profit organizations or OMB Circular A-87, as codified at 2 CFR Part 225 for State and local organizations are available at: <http://www.whitehouse.gov/omb/circulars/index.html>; Federal Acquisition Regulations, 48 CFR Part 31.2 for for-profit organizations are available at <http://www.arnet.gov/far/>.

<sup>2</sup> Federal agency providing the preponderance of direct Federal funds.

In light of the above requirements, mark the appropriate clause below (A, B, or C) for the organization and fill in the blanks, as appropriate:

\_\_\_ A. A current, approved NICRA has been provided – (Copy Attached).

Note: Future NICRAs, showing provisional/final rates for each applicable fiscal year, must be submitted to the Grant Officer and GOTR for the entire agreement period. Some federal agencies issue indirect cost rate agreements that are effective “until amended.” These rate agreements will not be accepted by the Grant Officer if the last negotiated fiscal year shown in the agreement is more than one year past the date of the USDOL award.

\_\_\_ B. Latest NICRA approved by the Federal Cognizant Agency is not current, or no NICRA has ever been approved by a Federal Cognizant Agency.

Note: A “Temporary Billing Rate”, not exceeding 90 days, may be negotiated by the Grant/Contract Officer. Future billings of indirect costs, however, should be based on approved NICRAs.

Within this 90-day period, the organization must submit an acceptable indirect cost proposal to their Federal Cognizant Agency to obtain a provisional indirect rate. Failure of the organization to submit an indirect cost proposal within this 90-day period means that it shall not receive further (if applicable) reimbursement for indirect costs.

The 90 days are provided to:

1. allow the entity to bill indirect costs during this time (subject to future adjustments), and
2. provide the entity enough time to prepare the initial provisional indirect cost rate proposal to be submitted to the Federal Cognizant Agency.

#### USDOL – Federal Cognizant Agency

If USDOL is the Federal Cognizant Agency, please contact Victor M. Lopez, Chief, Division of Cost Determination (DCD) at 202-693-4106. DCD’s main phone number is 202-693-4100. For more information, visit DCD’s website available at:

<http://www.USDOL.gov/oasam/programs/boc/costdeterminationguide/main.htm>

\_\_\_ C. No indirect costs are claimed in the proposed budget.

Notes: As stated previously,

Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

In light of the above statement, a “Certificate of Direct Costs” (below) must be completed in support of future claims of direct costs.

#### Adequate NICRAs

Some federal agencies issue indirect cost rate agreements that are effective “*until amended.*” These rate agreements will not be accepted by the grant officer if they are dated over one year old compared to the date of the USDOL grant award.

For example, a provisional rate approved for Fiscal Year Ending 12/31/05 “until amended” will not be accepted for any USDOL award issued after 12/31/06. This statement is based on the federal cost principles (see footnote 1 above) that require organizations to submit a final indirect cost proposal to the Federal Cognizant Agency no later than six months after the entity’s fiscal year ends.

#### “Ceiling” Indirect Cost Rates or “Ceiling” Indirect Amounts:

Grants/contracts agreements are subject to stipulated indirect cost ceilings or amounts. The ceiling rate(s) or the rate(s) negotiated with the Federal Cognizant Agency, **whichever is lower**, will be used to determine the maximum allowable indirect costs on the grant or contract agreement.

#### To be filled by Grant Officer upon award:

In light of the above, an Indirect Cost rate ceiling of \_\_\_\_\_%, based on \_\_\_\_\_, (describe the allocation base)<sup>3</sup>, has been applied under this agreement based on the Grantee’s budget and written documentation received. If a ceiling indirect cost amount was established, instead, indicate ceiling amount here: \$ \_\_\_\_\_.

#### Additional notes regarding final rates, administrative limitations and responsibility to provide indirect cost proposals:

The final indirect cost rates may result in higher or a lower percentage/amount compared to the amounts derived from administrative limitations or ceiling rates.

If final higher rates are experienced, when compared to the administrative limitations or ceiling rates, USDOL will not provide the organization with additional funds.

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<sup>3</sup> For example: direct salaries, direct salaries and fringes, total direct costs, total grant/contract award, etc.

If final lower rates are experienced, when compared to the administrative limitations or ceiling rates, the organization must provide USDOL the difference between the established Ceiling (if collected) and the final rates.

A ceiling rate or dollar amount does not exempt the organization from their responsibility of submitting an indirect cost rate for approval. Final rates will be used for proper adjustments related to the close-out of the grant/contract.

**CERTIFICATE OF DIRECT COSTS**

The following must be filled in for organizations that are not proposing any indirect costs.

This is to certify that:

1. All costs budgeted and to be claimed under this proposal supporting the period \_\_\_\_\_, through \_\_\_\_\_ are allowable in accordance with the requirements of grants/contracts to which they apply and with the Federal cost principles; i.e., (please check those applicable cost principles):

\_\_\_\_\_ OMB Circular A-87, Cost Principles for State, Local and Federally recognized Indian Tribal Governments.

\_\_\_\_\_ OMB Circular A-122, Cost Principles for Non-Profit Organizations  
\_\_\_\_\_ Federal Acquisition Regulation (FAR), Subpart 31.2, Cost Principles for Commercial Organizations.

2. Claimed costs do not include any costs which are unallowable under applicable Federal cost principles. For example:

advertising, contributions and donations, bad debts, entertainment costs, fines and penalties, general government expenses, and defense of fraud proceedings;

3. The requirements standards on lobbying costs for non-profit (A-122) and commercial (FAR) organizations have been complied with and,
4. All costs included in the proposal are properly allocable to U.S. Department of Labor grants/contracts on the basis of a beneficial or casual relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal cost principles.

Subject to the provisions of the Program Fraud Civil Remedies Act of 1986, (31 USC 3801 et seq.), and the Department of Labor's implementing regulations, (29 CFR Part 22), the False Claims Act (18 USC 287 and 31 USC 3729); and the False Statements Act (18 USC 1001), I declare to the best of my knowledge the foregoing is true and correct.

Grantee/Contractor: \_\_\_\_\_

Signature: \_\_\_\_\_

Name of Authorized Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_