

## RAIN-2018-G02-R2

### Indirect Cost Policy and Guidance for Recipients of EPA Assistance Agreements

**Revision Notification/Effective Date:** October 1, 2024

**Original Notification Date:** August 21, 2018

#### **Related Resources:**

[Indirect Cost Policy for Recipients of EPA Assistance Agreements](#)

[Indirect Cost Guidance for Recipients of EPA Assistance Agreements](#)

**Purpose of Revision:** This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants of revisions from the Office of Management and Budget which revised [2 CFR Part 200](#) effective October 1, 2024, in part to increase the *de minimis* indirect cost rate authorized in [2 CFR 200.414\(f\)](#) to up to 15%. As well as an updated Modified Total Direct Costs definition in [2 CFR 200.1](#), which includes up to the first \$50,000 of each subaward. In addition to incorporate a new option to use a recipient's current or most recently negotiated rate to close their award if their indirect cost rate has not been finalized and waiting for their final rate would delay closeout. EPA's IDC Policy and Guidance has been updated to reflect these changes.

**Purpose:** This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants of a new policy that aligns IDCs under EPA assistance agreements (grants and cooperative agreements) with [2 CFR Part 200](#), while providing consistency and flexibility for EPA assistance agreement recipients.

**Background:** The implementation of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards at [2 CFR Part 200](#) revised IDC flexibilities and requirements. This policy seeks to align EPA and recipient practices with [2 CFR Part 200](#), while balancing the need for flexibility.

**Policy Summary:** Prior to drawing down EPA funds for IDCs, and/or using unrecovered IDCs as cost-share, recipients must have a current approved indirect cost rate and an EPA-approved budget that includes IDCs. The IDC Policy defines current approved IDC rates as Federal negotiated rates as well as the *de minimis* rate for eligible applicants without a current negotiated rate. In addition, the policy includes regulatory exception opportunities, that require EPA approval, on a case-by-case basis that can increase recipient options, such as:

- Continued use of fixed rates with carry-forward for up to four years past expiration;
- (Institutions of Higher Education Only) Use of current negotiated rate, rather than using the rates approved at the time of award for the life of the grant; and
- General exceptions if a recipient has been out of compliance with the IDC requirements set forth in [2 CFR Part 200](#).