

## SLFRF Program Award Exclusion from Recipient Indirect Cost Rate Calculation

The Office of Management and Budget (OMB) approved a request from the U.S. Department of the Treasury, Office of Recovery Programs (Treasury ORP) to permit direct State and Local Fiscal Recovery Fund (SLFRF) recipients to exclude their SLFRF award, Assistance Listing Number 21.027, from their direct cost base used to calculate their Federal indirect cost rate.

Treasury ORP is working with our partners at OMB and the Department of Interior, Interior Business Center (DOI IBC) to implement this exception. Treasury ORP recommends that Tribes contact DOI IBC with questions about specific rates. DOI IBC can be contacted by email at [ics@ibc.doi.gov](mailto:ics@ibc.doi.gov).

An overview of effects of this exception on Tribes as well as background information on indirect cost rates can be found below.

### **How does this exception affect my Tribe?**

The exception to exclude SLFRF award funds from SLFRF recipient direct cost bases used to calculate their Federal indirect cost rate:

- Promotes stability and continuity for your indirect costs
- Minimizes fluctuations and potential decreases in indirect cost rates due to the temporary influx of SLFRF award funds
- Supports your ability to effectively plan what amount of Federal funds you will have available for indirect costs

### **Background Information on Indirect Cost Rates**

- **Direct costs** can be identified with a specific, final cost objective (e.g., federal award, funded activity) that can easily be directly assigned to activities associated with an award with a high degree of accuracy. For example, program-specific equipment, employee salaries, and consultant fees. For more information on direct costs, please see [2 CFR 200.413](#).
- **Indirect costs** are costs incurred for a common or joint purpose that benefits more than one federal award or funded activity and are not easy to assign to a specific cost objective. For example, general expenses such as printer paper, paper towels, rent for office space, and utilities. For more information on indirect costs, please see [2 CFR 200.1](#), [2 CFR 200.414](#), and [2 CFR Part 200, Appendix VII](#).

- An **indirect cost rate** is the percentage that a recipient can apply across all federal awards to determine what portion of their awards they may use to pay for indirect costs unless provided otherwise. For example, some Federal awards have limits on the amount of award funds that may be used for administrative costs and recipients may not be permitted to use an indirect cost rate to charge indirect costs to the awards.
- The DOI IBC is responsible for developing **negotiated indirect cost rate agreements** (NICRAs) for Tribes. The indirect cost rate in a Tribe's NICRA may be used across all federal financial assistance awards as permitted by applicable statutes, regulations, and policies.