

RAIN-2018-G02-R

Indirect Cost Policy and Guidance for Recipients of EPA Assistance Agreements

Revision Notification/Effective Date: November 12, 2020

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 November 12, 2020, in part to streamline Indirect Cost (IDC) regulations to provide further flexibility for the use of the 10% *de minimis* indirect cost rate authorized in 2 CFR 200.414(f). 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 an approved rate and an EPA-approved budget that includes IDCs. The IDC Policy defines different approved IDC rate types, which now includes use of the 10% *de minimis* rate as long as an applicant does not have a current negotiated rate under 10% or is not exempt from using the *de minimus* 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 same rate 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.