



**GRANTS MANAGEMENT MEMORANDUM
VSB 2020-21-10**

Date: March 24, 2021
To: All Victim Services Branch Subrecipients
From: Cal OES Grants Management, Victim Services Branch
Subject: Updated Information about Indirect Cost Rates

Subrecipients are allowed to charge indirect costs to each Grant Subaward. These are shared costs that cannot be directly assigned to a particular Grant Subaward activity, but are necessary to the operation of the organization and the performance of the Grant Subaward. See the *2021 Subrecipient Handbook (SRH)* Section 4.045.

Indirect Costs Rates (ICRs) can be allocated to a Grant Subaward using either a federally-approved ICR or a 10 percent de minimis rate.

The Cal OES *SRH* outlines terms and conditions – including those from the *Code of Federal Regulations (CFR)* – that apply to all Grant Subawards. Previous versions of the *CFR* (and the *SRH*) designate that once an entity negotiates a federally-approved ICR with their cognizant federal agency, the entity is required to utilize that ICR going forward, no exceptions. When the federally-approved ICR expires, the entity is required to ask for an extension while their ICR is reassessed and approved.

Recently, the *CFR* was updated to allow entities the option of using the 10 percent de minimis rate when their federally-approved ICR expires if the 10 percent de minimis rate is more advantageous (Cal OES will be updating the *2021 SRH* to reflect this change).

As of the date of this Grants Management Memo, Cal OES will accept ICRs using one of the following:

- 1) Current, federally-approved ICR for Subrecipients that have a negotiated

ICR with their cognizant federal agency. Subrecipients renewing their federally-approved ICR must continue to utilize this rate during the renewal process (Cal OES will require confirmation of the Subrecipient's renewal request).

or

- 2) 10 percent de minimis rate for Subrecipients that have never had a federally-approved ICR, or for Subrecipients that have a lapsed federally-recognized ICR and are NOT planning to renew their federally-approved ICR.