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.