



inDirectly Speaking

Division of Grants Management Operations

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Office of Federal Assistance and Acquisition Management (OFAAM)

Vision: Healthy Communities, Healthy People





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Special Guests

Olulola (Lola) Oluborode & Lucy Siow: Cost Allocation Services

Jack Goldberg: Substance Abuse & Mental Health Services Administration

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Learning Objectives

- Explain the purpose and value of indirect cost rates.
- Determine when and how to pursue an indirect cost rate agreement.
- Understand the basic methodology used to calculate indirect cost rates.
- Distinguish between direct and indirect costs for federal awards.
- Apply key federal requirements related to indirect costs.
- Identify allowable and unallowable costs and their impact on indirect cost rate proposals.

Segment One

Indirect Cost Basics



Segment Two

Negotiating an Indirect Cost Rate



Segment Three

Calculating an Indirect Cost Rate



Segment Four

Indirect Cost Rate Application



Indirect Cost Rate Formula

$$\frac{\text{Indirect Cost}}{\text{Direct Cost}} = \text{Indirect Cost Rate}$$

Segment Five

Federal Regulations



Segment Six

Final Thoughts and Key Takeaways



Questions?



Key Takeaways

- Indirect costs are a legitimate and necessary part of administering federal programs.
- Organizations must decide whether the 15% de minimis rate or a negotiated rate best fits their circumstances.
- An indirect cost rate is calculated using an indirect cost pool and an appropriate allocation base.
- Proper classification of direct and indirect costs is essential for compliance.
- Success depends on strong documentation, consistent practices, and adherence to Uniform Guidance.



Resources

General Inquiries (Administrative and Other)

Email: cas_admin@psc.hhs.gov

Indirect Cost Rate Proposal Inquiries

Email: support_icas@psc.hhs.gov

Indirect Cost Rate Proposal Submissions

All proposals must be submitted through the Indirect Cost Allocation System (ICAS).

ICAS Portal: <http://portal.icas.hhs.gov>



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