



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF FINANCE AND OPERATIONS

March 25, 2020

Department of Education Administrative Relief for Extension of Currently Approved Indirect Cost Rates Directly Impacted by the Novel Coronavirus (COVID-19)

The United States Department of Education (ED) will allow grantees to continue to use the currently approved indirect cost rates (i.e., predetermined, fixed, or provisional rates) to recover their indirect costs on Federal awards on a case-by-case basis. ED will approve the grantee requests for an extension on the use of the current rates for up to one additional year without submission of an indirect cost proposal. However, grantees designated high-risk must contact their ED Program Contact in Box 3 of the GAN before extending their current indirect cost rate. ED will also accept grantee requests for an extension of the indirect cost rate proposal submission to finalize the current rates and establish future rates. The Non-Federal entity must contact ED's Indirect Cost Division and receive written approval for the extension of current indirect cost rates agreement.

1. Non-Federal entities must request an extension of the indirect cost rate agreements relating to "extraordinary circumstance - COVID-19" from their cognizant agency for indirect costs 2 C.F.R. § 200.19 and 48 C.F.R. 42.003.
 - a. **Commercial Entities** For contractors other than educational institutions and nonprofit organizations, the cognizant Federal agency normally will be the agency with the largest dollar amount of negotiated contracts, including options. For educational institutions (defined as institutions of higher education in the OMB Uniform Guidance at 2 C.F.R. part 200, subpart A, and 20 U.S.C. 1001) and nonprofit organizations (as defined in the OMB Uniform Guidance at 2 C.F.R. part 200), the cognizant Federal agency for indirect costs is established according to the OMB Uniform Guidance at 2 C.F.R. part 200, appendices III and IV, respectively. Once a Federal agency assumes cognizance for a contractor, it should remain cognizant for at least 5 years to ensure continuity and ease of administration. If, at the end of the 5-year period, another agency has the largest dollar amount of negotiated contracts, including options, the two agencies shall coordinate and determine which will assume cognizance. However, if circumstances warrant it and the affected agencies agree, cognizance may transfer prior to the expiration of the 5-year period. 48 C.F.R. 42.003.
 - b. **Institutions of Higher Education (IHEs)** Cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office

of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years.

- c. **Local Education Agencies (LEA)** Each State educational agency, on the basis of a plan approved by the Secretary, shall approve an indirect cost rate for each local educational agency that requests it to do so. These rates may be for periods longer than a year if rates are sufficiently stable to justify a longer period.
 - d. **Non-Profit Entities** Unless different arrangements are agreed to by the Federal agencies concerned, the Federal agency with the largest dollar value of Federal awards with an organization will be designated as the cognizant agency for indirect costs for the negotiation and approval of the indirect cost rates and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a shift in the dollar volume of the Federal awards to the organization for at least three years.
 - e. **State and Local Governments** In general, unless different arrangements are agreed to by the concerned Federal agencies, for central service cost allocation plans, the cognizant agency responsible for review and approval is the Federal agency with the largest dollar value of total Federal awards with a governmental unit. For indirect cost rates and departmental indirect cost allocation plans, the cognizant agency is the Federal agency with the largest dollar value of direct Federal awards with a governmental unit or component, as appropriate. Once designated as the cognizant agency for indirect costs, the Federal agency must remain so for a period of five years.
 - f. **State Education Agencies (SEA)** The cognizant agency for State Education Agencies is the United States Department of Education.
2. Program offices are encouraged to post the Extension of Currently Approved Indirect Cost Rates guidance to your website and respond to inquiries from grant recipients accordingly. Any questions pertaining to this guidance should be directed to the Indirect Cost Division via email to: IndirectCostGroup@ed.gov.