

OFFICE OF SMALL BUSINESS DEVELOPMENT CENTERS
INDIRECT COST RATE AGREEMENT (Frequently Asked Questions)

Q. Under what authority gives Project Officers the right to approved rate agreements?

A. When the recipient/sub recipient has indirect costs in their budget proposal, the SBA Project Officer is authorized under 13 CFR 130.460(C) to issue a rate agreement to the SBDC recipient/sub recipient that does not have a rate agreement established by a cognizant Federal agency.

Q. How will I know whether the recipient/sub recipient has or does not have a cognizant Federal agency?

A. Most recipient/sub recipients are not aware of the host institution's current status with a cognizant agency. Therefore, they must first contact their grant/fiscal department to verify the cognizant Federal agency responsible for negotiating and approving F&A rates. The recipient must notify the project officer by email of their findings. If a cognizant agency does not exist, only then may the project officer proceed to issue an ICR.

Q. Can a recipient/sub recipient use the SBA Indirect Cost Rate (ICR) for other Federal programs?

A. No. the ICR is only for the SBDC program.

Q. Can a sub recipient contact the SBA for an ICR?

A. No. the Lead Center must contact the SBA Project Officer to request an ICR for a sub recipient.

Q. Can a recipient prepare the SBA indirect cost rate agreement for their sub recipient?

A. No. the ICR document is prepared only by an SBA employee for the SBDC program.

Q. Is it improper for the SBA Project Officer to communicate directly to a sub recipient in order to establish an indirect rate agreement?

A. No. the SBA will prepare the ICR and send it directly to the sub recipient. Because the agreement is now between SBA and sub recipient, it is the only time when the SBA will go-between recipient/sub recipient relations. The project officer's transmittal letter will provide a "carbon copy" (cc) to the SBDC State Director, SBA District Director, SBA Program Manager and SBA Grants Management Specialist.

Q. Can a recipient/sub recipient request a rate higher than 24 percent?

A. No. The ICR is standard and should not be altered. If the institution requests a rate higher than 24%, they will need to contact the Federal Agency assigned by default, Department of Health and Human Services (HHS). See 2 CFR Part 220 (A-21, Section G11).

Q. What do I put for the effective period?

A. It is suggested to make the effective period for multi-year awards 36-months and for single-year awards for a period of 12-months; or you may prefer to make all ICRs for 36-months. It saves you from updating agreements each renewal period.

Q. When is an ICR considered not current?

A. A rate agreement is not current when it has expired for more than one-year past the continuation award budget period.

Q. If an ICR is no longer current, what should the Project Officer do?

A. If a rate agreement has expired for more than one-year past the continuation award budget period, the project officer should contact the recipient to request a copy of a current rate agreement.

Q. What evidence can a recipient provide to the SBA indicating they have requested a new rate from their cognizant agency?

A. The recipient/sub recipient should provide evidence such as (1) a copy of their letter requesting ICR updates from their audit agency or (2) a written notice from their cognizant federal agency reporting the current status of the rate agreement.

Q. If the recipient/sub recipient later determines to have a cognizant Federal agency, what happens to the rate agreement approved for the SBDC program?

A. A cognizant Federal agency approved indirect cost rate will overrule the SBA ICR and the recipient/sub recipient must provide a copy of the agreement to the SBA and the new rate will then apply to the SBDC Program as soon as it becomes effective.

Q. How is the approved ICR incorporated into the Cooperative Agreement?

A. The recipient's application/proposal (including supporting documents-- e.g., ICR) is incorporated by reference and made part of the continuation award or modification agreement.