

PERKINS GUIDANCE

TITLE: ESTABLISHING AN INDIRECT COST RATE
NUMBER: PG-004
DATE: July 1, 2020
PURPOSE: Perkins Guidance-To Define Requirements for Establishing an Indirect Cost Rate to Capture Perkins Administrative Funds

Introduction: The Perkins grant allows recipients to use up to 5% of the total grant for activities necessary for the successful implementation of the grant. These funds may be categorized as either direct or indirect costs. Direct costs such as salary or equipment must be supported by documentation and the total amount of direct costs that can be recovered is 5% of the grants funds actually expended. Indirect costs do not require supporting documentation and may total 5% of the total grant.

Authority: *Strengthening CTE for the 21st Century Act of 2018*
Title I Part A Sec. 135 Local Use of Funds (d)
Each eligible recipient shall not use more than 5% of grant funds for costs associated with the administration of activities funded by the grant.

EDGAR

76.561 and 76.564 Approval of Indirect Cost Rates

The cognizant agency that establishes indirect cost rates with institutions of higher education is the U.S. Department of Health and Human Services. There is a prescribed process and, once approved, applies to all federal grants received by the institution. Absent this agreement, the cognizant agency is the Arkansas Division of Higher Education.

Requirement: If the institution has negotiated a rate with DHHS, a copy of the letter should be provided to ADHE. If one has not been negotiated, the institution may negotiate one with ADHE that is limited to the Perkins grant.

If the institution elects to use an indirect cost rate for recovery of administrative funds, the institution is still obligated to make funds available for the coordinator to participate in activities that are necessary for successful execution of the grant. This includes Perkins workshop participation, salary, supplies, equipment or professional development.

Process: Perkins will process all requests from postsecondary institutions for a negotiated indirect cost rate between ADHE and the institution for use in recovering Perkins administrative costs.

Once the request is received, Perkins will prepare the indirect cost rate agreement and forward to the local Perkins coordinator who will obtain appropriate signatures and return to Perkins state staff.

Perkins state staff will review and forward to ADHE Deputy Director for ADHE signature.

Deputy Director will return to Perkins for file and institution notification.

Reviewed by Counsel

SAMPLE INDIRECT COST RATE AGREEMENT

INSTITUTION EIN: XX-XXXXXXX

ORGANIZATION:

Name

Address

City/State/Zip

SECTION 1: INDIRECT COST RATES

Because COLLEGE NAME has not negotiated an indirect cost rate with the U. S. Department of Health and Human Services (DHHS), the Arkansas Division of Higher Education (ADHE) is establishing one in accordance with 34 CFR Part 76.564(c)(2). This regulation authorizes the cognizant state agency (ADHE) to establish an indirect cost rate of 8% unless the Secretary of DHHS determines that the institution would have a lower rate using the established indirect cost rate formula.

Indirect Cost Rate: 8.00%

Effective Period: Until Amended

Applicable To: Strengthening CTE for the 21st Century Act (Perkins V)

SECTION 2: LIMITATIONS

- This agreement is limited to recovery of administrative funds related solely to the *Strengthening CTE for the 21st Century Act* (Perkins V) and to subsequent reauthorizations.
- *Strengthening CTE for the 21st Century Act* (Perkins V) Section 135(d) limits reimbursement for costs associated with administering the grant to no more than 5% of the total grant, notwithstanding the 8% indirect cost rate established between ADHE and COLLEGE NAME in this agreement.
- The rate established herein will remain in effect until amended or until COLLEGE NAME obtains an indirect cost rate directly from DHHS.
- The institution may not request reimbursement for personnel expenses related to oversight of the grant in addition to the allowed 5% grant administration costs. Administration expenses are limited to 5% of the total grant whether direct, indirect, or some combination thereof.

SECTION 3: ACCEPTANCE

_____ Institution	_____ Agency
_____ Signature	_____ Signature
_____ Title	_____ Title
_____ Date	_____ Date