



## Guidance for Negotiating an Indirect Cost Rate Agreement with NEH

Published February 1, 2023; Updated March 31, 2025, to reflect 2 CFR Part 200 revisions



**The instructions below apply only to organizations for which NEH is the cognizant agency. NEH has an agreement with the Department of the Interior (DOI) to negotiate indirect cost rate agreements.**

## Introduction

If you intend to include indirect costs as a part of your federal award budget, your organization must either have a federally negotiated indirect cost rate agreement (NICRA) or, if your organization does not have a current negotiated (including provisional) rate, you may elect to charge the 15% de minimis rate ([2 CFR § 200.414\(f\)](#)) for indirect costs.

To negotiate indirect cost rates, your organization must submit an indirect cost proposal to its cognizant agency for indirect costs and negotiate a NICRA. The cognizant agency for indirect costs is the federal agency that acts on behalf of all federal agencies in negotiating an indirect cost rate agreement with your organization. This agency is responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals and is typically the agency that provides the largest amount of direct federal funding to your organization. For most organizations, NEH will not serve as the cognizant agency.

The benefit of having a NICRA is that all federal awarding agencies must accept the negotiated rates ([2 CFR § 200.414\(c\)\(1\)](#)). When administering the award, NEH must use the negotiated rates in effect at the time of the initial award throughout the life of the award, except as provided in [2 CFR § 200.414\(c\)\(1\)](#). NEH will not reimburse indirect costs for the following types of awards:

- construction
- endowments
- general operating support costs to State Humanities Councils (SHC)
- awards to individuals

## Determining Your Organization's Cognizant Agency for Indirect Costs

To help determine the cognizant agency for your organization, please see the following guidance from [2 CFR Part 200](#)—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

1. For Institutions of Higher Education (IHEs): see [Appendix III, paragraph C.11](#).
2. For nonprofit organizations: see [Appendix IV, paragraph C.2.a](#).
3. For state and local governments: see [Appendix V, paragraph F.1](#).
4. For Tribal governments: see [Appendix VII, paragraph D.1](#).

Please note that the cognizant agency for indirect costs is not necessarily the same as the cognizant agency for audit.



## Initiating and Preparing the Indirect Cost Proposal

Before you begin, confirm that NEH is the cognizant agency for your organization by contacting the Office of Grant Management at [grantmanagement@neh.gov](mailto:grantmanagement@neh.gov). If NEH is your cognizant agency, you will negotiate with the DOI Interior Business Center (IBC).

First, your organization will submit an indirect cost rate proposal to the DOI IBC. You must prepare the indirect cost rate proposal in accordance with [2 CFR Part 200](#). The [DOI IBC website](#) provides instructions, templates, checklists, and sample proposals to help ensure compliance in preparing your proposal. Please choose the appropriate guidelines on their website according to your organization type:

- [Non-Profits](#)
- [Tribal Governments](#)
- [State, Local Governments, and Insular Areas](#)

## Submission Timeframes for Indirect Cost Proposals

You must submit your indirect cost proposal to the DOI IBC within six months of your organization's fiscal year closeout according to the following timelines:

- If the fiscal year ends on September 30, the indirect cost proposal or cost allocation plan is due by March 31.
- If the fiscal year ends on December 31, the indirect cost proposal or cost allocation plan is due by June 30.
- If the fiscal year ends on June 30, the indirect cost proposal or cost allocation plan is due by December 31.

You must submit your proposal electronically. DOI IBC reviews proposals in the order in which they receive them. Once the review commences, a DOI IBC negotiator will reach out to you. Negotiations typically take four to six months to complete.

## Resources

- DOI IBC:
  - [Website](#)
  - Email: [ics@ibc.doi.gov](mailto:ics@ibc.doi.gov)
  - Phone number for general inquiries: 916-930-3803
- [2 CFR 200](#)—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- [2 CFR 200.414 \(Indirect \(F&A\) costs\)](#)
- [General Guidance on Calculating Indirect Costs](#)