

# Justification for Capping Indirect Costs on Presidential Papers Awards

Effective June 24, 2025

## Introduction

In accordance with 2 CFR § 200.414(c)(3), the National Endowment for the Humanities (NEH) seeks approval to apply a reduced indirect cost (IDC) rate for a limited and clearly defined class of awards: non-competitive, sole-source award supporting the presidential papers projects of the Founding Era and Early Republic.

This IDC cap supports the agency's goal of maximizing direct investment in scholarly projects that advance research and teaching of the nation's foundational documentary heritage. These high-profile projects represent a special funding opportunity distinct from NEH's standard grant programs.

To ensure compliance with applicable regulations, NEH will implement and publicly post the decision-making criteria and procedures that will govern the application of the IDC cap, as outlined below.

## Decision Making Criteria – Why NEH is Imposing the Cap

NEH has determined that a cap on indirect costs is appropriate under this unique program based on the following criteria:

- This program is a discrete, time-limited, non-competitive, special initiative with a narrowly defined cohort of eligible recipients. This cohort is made up of institutions that have a long history of NEH funding. The resulting editions will support administration objectives by helping scholars and the general public get richer insight into the life and work of America's founding generation.
- These grants will support work specifically on these editions projects, with funds for salaries for editors and assistant editors; digitization and publishing tools and platforms; and proper storage of documents). Capping indirect costs makes sure that more of the federal funds support this work, as opposed to university

administration. Given the size of the awards, the 15% capped IDC rate will still make a substantial contribution to administrative expenses.

- This cap will apply only to the Presidential Papers program.
- This policy reflects NEH's discretion under 2 CFR 200.414(c)(3) to deviate from negotiated indirect cost rates in limited circumstances, based on a documented justification and approval by the Chairman of the agency.

## Implementation Procedures and Policy

**Rate applied:** A maximum indirect cost rate of 15 percent of modified total direct costs (MTDC) will be allowed for all awards under this special initiative.

**Scope:** The IDC cap applies to both prime recipients and subrecipients

**Exceptions:** NEH will not consider exceptions or waivers at this time.

**Publication:** The IDC cap and conditions will be published to potential applicants and recipients in:

- The application guidance associated with the funding opportunity
- The special terms and conditions for each award.
- The general grants policy page on the NEH website to meet the transparency and notification requirements of 2 CFR § 200.414(c)(3)