



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

August 9, 2016

CIRCULAR LETTER 2016-17

INDIRECT COST RATE NEGOTIATION FOR ILLINOIS GRANTEES

COUNTY ENGINEERS / SUPERINTENDENTS OF HIGHWAYS
MUNICIPAL ENGINEERS / PUBLIC WORKS DIRECTORS / MAYORS
METROPOLITAN PLANNING ORGANIZATIONS - DIRECTORS
TOWNSHIP HIGHWAY COMMISSIONERS
CONSULTING ENGINEERS

The Illinois Grant Accountability and Transparency Unit (GATU) issued the attached announcement on August 4, 2016 regarding indirect cost rate negotiations. The state has contracted with the firm of Crowe Horwath to negotiate a centralized indirect cost rate for grantees who receive funding from several state agencies. The announcement also indicates who is required to use the Crowe Activity Review System (CARS) by Crowe Horwath to determine an indirect cost rate.

Indirect costs are those allowable costs which are not directly accountable to a given project or production. These are not required to be included with each contract agreement. Examples of indirect costs may include items such as administration, personnel, or security. The use of indirect costs on a project does not increase the amount of the grant, but rather takes away from the available funding to place towards the actual construction project.

All grantees are required to formally make an election through the centralized indirect cost rate system. This is required whether electing to negotiate an indirect cost rate, change a rate, or indicate an indirect cost rate will not be used. The system will provide instruction to complete this process. The Centralized Indirect Cost Rate System can be accessed through the Grant Accountability and Transparency Act (GATA) website at www.grants.illinois.gov. This website has examples, templates, instructions and training available to complete the process.

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If you have any questions pertaining to indirect cost rates, or GATA in general, please feel free to contact the local policy and technology unit at DOT.LocalPolicy@illinois.gov or (217) 785 – 5048.

A handwritten signature in blue ink that reads "Maureen E. Kastl". The signature is fluid and cursive, with the first name being the most prominent.

Maureen E. Kastl, P.E.
Acting Engineer of Local Roads and Streets

TW/

Attachment

cc: Mike Staggs, FHWA – Illinois Division
Eric Seibring, Illinois Association of County Engineers
Joe Schatteman, Illinois Municipal League
Bryan Smith, Township Officials of Illinois
Christine Filbert, Township Highway Commissioners of Illinois



IMPORTANT ANNOUNCEMENT TO ALL STATE AGENCIES AND GRANTEE ORGANIZATIONS

Indirect Cost Rate Negotiation for Illinois Grantees

The Governor’s Office of Management and Budget has contracted with Crowe Horwath to negotiate Indirect Cost Rate Agreements with Illinois Grantees. The Grant Accountability and Transparency Unit received permission from the Federal Government to centralize the negotiation of the indirect cost rate to allow a grantee to negotiate one rate with the State of Illinois. The centrally approved rate will be accepted by all state grant making agencies, instead of requiring a grantee to negotiate separate rates with each state grant making agency when grantees receive grants with multiple agencies. Grantees who have completed the grantee registration, pre-qualification and fiscal and administrative risk assessment will receive an invitation from Crowe Horwath to submit an indirect cost rate proposal for purposes of negotiating a rate.

Training on cost principles and how to negotiate a rate and navigate the Crowe Horwath system (CARS) to negotiate a rate is available on the GATA website Grantee Links tab.

Who is required to use the Crowe Horwath CARS system for indirect cost rates?

- Any organization that receives a grant from a state of Illinois grant making agency
- If a grantee organization has a federally negotiated rate, they are required to provide information through the indirect cost rate system. The system will provide instructions to complete this process
- If a grantee organization chooses to elect the 10% de minimis rate, they are required to make this election in the indirect cost rate system. The system will provide instructions to complete this process
- If a grantee organization elects to negotiate an indirect cost rate, they are required to submit an indirect cost rate proposal. Templates, examples and training are available on the GATA website Grantee Links tab. The system will provide instructions to complete this process
- If a grantee organization elects not to charge a rate, they are required to formally make this election through the centralized indirect cost rate system. The system will provide instructions to complete this process
 - Local Education Agencies (LEA) will be allowed to use their rates negotiated with the Illinois State Board of Education and will also be accepted by state grant making agencies. LEAs will not be required to negotiate a rate with the State of Illinois centralized indirect cost rate contractor and state grant making agencies will accept the rate

