

Attachment 3 to Addendum 2

RFA HHS0015357

6.3 Indirect Costs

Applicants must have an approved indirect cost rate (“ICR”) or request the de minimis rate to recover indirect costs. All Applicants are required to complete and submit **Form E, Texas Health and Human Services System Indirect Costs Rate (ICR) Questionnaire**, with required supporting documentation. The questionnaire initiates the acknowledgment or approval of an ICR for use with the System Agency cost-reimbursable Contracts. Entities declining the use of indirect cost cannot recover indirect costs on any System Agency award or use unrecovered indirect costs as match.

HHS typically accepts the following approved ICRs:

- A. Federally Approved Indirect Cost Rate Agreement; and
- B. State of Texas Approved Indirect Cost Rate

The System Agency, at its discretion, may request additional information to support any approved ICR agreement.

If the Applicant does not have an approved ICR agreement, the Applicant may be eligible for the 15% de minimis rate or may request to negotiate an ICR with HHS.

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For Applicants requesting to negotiate an ICR with HHS, the ICR Proposal Package will be provided by the HHS Federal Funds Indirect Cost Rate Group to successful Grantees. The ICR Proposal Package must be completed and returned to the HHS Federal Funds Indirect Cost Rate Group no later than three (3) months post-award.

The HHS Federal Funds Indirect Cost Rate group will contact applicable Grantees after Grant Agreement execution to initiate and complete the ICR process. Grantees should respond within 30 Business Days, or the request will be cancelled, and indirect costs may be disallowed.

Once HHS acknowledges an existing rate or approves an ICR, the Grantee will receive one of the three indirect cost approval letters: ICR Acknowledgement Letter, ICR Acknowledgement Letter – 15% De Minimis, or the ICR Agreement Letter.

If an Indirect Cost Rate Letter is required but it is not issued at the time of Grant Agreement execution, the Grant Agreement will be amended to include the Indirect Cost Rate Letter after the ICR Letter is issued.

Approval or acceptance of an ICR will not result in an increase in the amount awarded or affect the agreed-upon service or performance levels throughout the life of the award.