

AVERAGE STATEWIDE UNRESTRICTED INDIRECT COST RATE (ICR) GUIDANCE

Purpose

The Statewide Unrestricted ICR is not an option for grantees who require a restricted rate. Additionally, when a grantee receives a negotiated restricted rate, they will also receive a negotiated unrestricted rate.

The purpose of this guidance is to provide a clear, compliant process for grantees to request the use of a statewide average unrestricted indirect cost rate when a grantee chooses not to negotiate a rate with the Department of Education and Workforce (DEW).

Background

Effective January 20, 2026, The United States Department of Education Indirect Cost Division (ICD) issued a Memorandum of Understanding (MOU) to DEW to assist with the delegation of authority responsibilities for grantees indirect cost rates as cited in [34 CFR §75.561\(b\)](#) and [34 CFR §76.561\(b\)](#), and [2 CFR §200.332](#).

The United States Department of Education acknowledges that there are times when proposal documentation ([2 CFR Appendix-VII-to-Part-200 D. Submission and Documentation of Proposals](#)) or resources for reviewing and approving unrestricted and restricted indirect cost rates may be limited. In such cases, the DEW may implement measures to ensure that grantees comply with the fundamental cost principles of reasonableness ([2 CFR §200.404](#)), necessary ([2 CFR §200.403\(a\)](#)), allowable ([2 CFR §200.403](#)), and allocability ([2 CFR §200.405](#)).

Procedure

The Ohio Department of Education and Workforce, Office of Grants Administration has developed a process for State or Local Government Agencies to request use of an average unrestricted indirect cost rate if they do not have an approved negotiated rate. Generally, grantees who only use an unrestricted indirect cost rate for their Medicaid in Schools and National School Lunch programs will benefit from this flexibility.

1. The grants office will calculate a statewide average unrestricted indirect cost rate based on the [3 prior fiscal years](#).
2. Annually, the **State or Local Government Agency** must complete a [Request to Use an Average Unrestricted Indirect Cost Rate](#) form.
3. Submit the completed form to indirectcost@education.ohio.gov for review.
4. Upon approval, the Office of Grants Administration will issue an Indirect cost rate Agreement.