

Subawards Identified for the Indirect Cost Calculation

Subaward Expenditure Amounts for Indirect Cost

Subaward amounts exceeding \$25,000 are to be “excluded” when calculating a LEAs indirect cost rate. Also, the rate determined should only be applied to the first \$25,000 of each subaward.

Subawards are defined by the OMB Uniform Guidance in 2 CFR § 200.92 as:

“An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a program for which the recipient received Federal support. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.”

A subaward is not the same as a contract. A subaward is an agreement with another entity to provide a service that is required by a federal grant; however, the direct recipient of the funds is not able to provide the services. A subaward is made for the services needed to meet the federal grant requirement.

Example of a subaward: (subaward vs. a contract)

- District #1 pays \$500,000 to a neighboring LEA for an evaluation of District #1’s summer reading program for the students. This is a contract.
- District #1 Subawards the same amount to a neighboring LEA to conduct a summer reading program for the neighbor’s students. This is a subaward.