

Note:

- Please submit separate electronic files as part of proposal corresponding with checklist items to your assigned cost negotiator or to this office at OSPE-CPDD@dol.gov.
- Ensure that **no** personal identifiable information (PII; Ex. social security numbers) is submitted with the proposal.
- For **item # 2**, please submit **one Excel workbook or similar format**.
- Examples of exhibits supporting the proposal are available in Section III of this guide.

Indirect Cost Proposal Checklist

Non-Profits and Commercial Organizations

1. Administrative documents:

- 1a. ☐ Organizational chart
- 2a. ☐ Nonprofits - Narrative explaining compliance with 2 CFR §200.430(a)(1)(2) & (3) and the standards for documentation of personnel expenses.
Commercial - Narrative explaining the standards for documentation of personnel expenses in compliance with FAR 9.106-4 and SF-1408.
For both entities, an example of an employee timesheet for a pay period, providing for distribution of hours to direct/indirect functions.
- 1c. ☐ Signed Cost Policy Statement providing, in part, narrative explaining allocation of direct and indirect costs.

NEW - Idle facilities/Idle capacity and space utilization - Narrative explaining compliance with [2 CFR § 200.446](#) for non-profits or [31.205-17](#) for commercial entities as part of Cost Policy Statement. For background and additional guidance, see further below. The narrative should also include operating procedures for evaluation and assessment of reasonable space utilization considering staff working:

- in-office 100% of the time,
- working in-office and teleworking ("hybrid") from a remote location one or more days per week, and
- remotely 100% of the time.

2. An indirect cost rate proposal(s) providing the following:

- ☐ 2a. Personnel Costs Worksheet, including fringe benefits breakdown.
- ☐ 2b. Allocation of Personnel Worksheet, providing indirect/direct time charges, indicating full or partial year employment for applicable staff, and telework status (see 1.c. above).
- ☐ 2c. Fringe Benefits Worksheet,
- ☐ 2d. Statement of Total Costs, supporting the indirect and direct costs incurred by expense category, identified by Federal agency, specific government grant, contract, and other non-government activities.
- ☐ 2e. Statement of Indirect Costs, including indirect cost pool(s), allocation base(s), and indirect cost rate(s) proposed.

3. ☐ Audited financial statements, if available, to support actual costs. For non-profits with direct Federal funding over \$750,000, annually, must provide audited financial statements. Under \$750,000 for nonprofits, please provide IRS Form 990 as support. For commercial entities, compilation/review financial statements are also acceptable. Note: The Statement of Total Costs (2d. above) based on actual costs must reconcile to Financial Statements. If not, please provide a reconciliation statement.**4. ☐ Certification that the indirect cost rate proposal was prepared in a manner consistent with the applicable cost principles set forth in 2 CFR Part 200, Subpart E & Appendix IV for non-profits, or FAR Part 52.242-4 for commercial organizations.** The certificate must be signed on behalf of the organization by an individual at a level no lower than vice-president or chief financial officer for the organization.**5. ☐ A listing of grants and contracts by Federal agency, subagency, program office funding source, award amount, period of performance, and the indirect cost (overhead) limitations (if any) applicable to each, such as, ceiling rates or amounts restricted by administrative or statutory regulations, applicable to the period(s) of the proposal(s).** This listing must be supported with copies of the approved federal grants or contracts notification awards (1st page).

Note: For organizations receiving funding from DOL-ETA, please ensure that the proposed individual compensation (salary and bonus) complies with limitations established. Contact [CPDD](#) for more details.

Checklist Cont. - 1.c.	Idle Facility/Idle Capacity, reasonable use of space considering current teleworking trends, and actions to support annual indirect cost proposals.
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Background¹:

The use of real property was greatly impacted by the pandemic that started on March 13, 2020. Many entities responded by adopting a maximum telework posture, allowing many employees to work offsite remotely. As a result, many employees shifted to remote work and telework, including employees who had not historically done so. The pandemic has lowered the utilization of office space and may have added to the amount of unneeded space that existed before the pandemic.

Noting that the pandemic is over, organizations may have continued to embrace telework and remote work for employees. Due to these work arrangements, possible idle facilities/capacity or vacant space may be experienced. This moment presents a unique opportunity to reconsider various aspects of the organization's space and how best to align with future needs. Retaining excess and underutilized space is not reasonable/necessary. Underutilized office space has financial costs. Any reduction in office space could reduce these costs benefitting the non-Federal entity and Federal government.

Applicable regulations:

- For nonprofit organizations, state/local agencies, and educational institutions: [2 CFR 200.446](#) Idle facilities and idle capacity; [2 CFR 200.465](#) Rental costs of real property and equipment.
- For commercial entities: [FAR 31.205-17](#) Idle facilities and idle capacity costs; [FAR 31.205-36](#) Rental costs.

Action:

1. Indirect cost proposals submitted for review and approval to the Cost & Price Determination Division ([CPDD](#)) at the U.S. Department of Labor must provide narrative explaining compliance with the above regulations on an annual basis.
2. The narrative should include operating procedures for evaluation and assessment of reasonable space utilization considering indirect staff that may be working:
 - in-office, 100% of the time,
 - in-office and teleworking ("hybrid") from a remote location one or more days per week, and
 - remotely 100% of the time.
3. The indirect cost proposal's Allocation of Personnel Worksheet should identify indirect staff in line with the above categories.
4. Describe efforts to achieve/maintain office space optimization such as office "hoteling", shifting to co-working office space, challenges encountered, planned efforts to reduce costs such as subleasing space, etc. Ensure that there is a standard operating procedure on monitoring and assessment of space utilization.
5. Provide details of whether the facility is owned or leased. If renting/leasing a facility, provide term agreement dates.
6. Identify idle space not used over one year explaining the need, if any, to continue keeping that space. Support this inquiry with floorplan documentation.

¹ Reference: [GAO report](#): Federal Real Property - Agencies Need New Benchmarks to Measure and Shed Underutilized Space – October 2023