

# NASCSP Member Updates:

## DOE Financial Assistance Letter (FAL)

August 20, 2025





# Agenda & Purpose

- #1 Awareness of the DOE Financial Assistance Letter (FAL)
- #2 Review the Implementation
- #3 Grantee Actions
- #4 Questions for DOE

FAL.2025-05

# Indirect Cost and Fringe Benefit Reimbursement Limitations

No.: FAL 2025-05

Date: June 30, 2025



## 2025 WAP Program Guidance



▶ Weatherization Program Notices (WPNs)

▶ Weatherization Memorandums


▼ Financial Assistance Letter

**FAL25-05 Indirect Cost and Fringe Benefit Reimbursement Limitations (06/30/2025)**

# The Details...

When does this Financial Assistance Letter (FAL) go into effect?

- The FAL.2025-05 is effective upon issuance (June 30, 2025)
- **Yes**, it applies to the PY2025 WAP state plans.
- This FAL remains in effect until canceled or superseded.

<b>Department of Energy</b> <b>Financial Assistance Regulations</b>	<b>No.: FAL 2025-05</b> <b>Date: June 30, 2025</b>
	<b>FINANCIAL ASSISTANCE LETTER</b>
This Financial Assistance Letter is issued under the authority of the Senior Procurement Executives of DOE and NNSA	

**Subject: Implementation of Indirect and Fringe Benefits Cost Reimbursement  
Limits on Financial Assistance Awards**

# The Purpose...

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- The purpose of FAL.2025-05 is to provide information and guidance on DOE's implementation of the **indirect cost and fringe benefit reimbursement limit** in financial assistance awards.
- The reimbursement limit will be calculated as a **percentage of the Total Award Amount** and specified in the award terms and conditions as a **maximum dollar amount** to be used for indirect costs and fringe benefits.

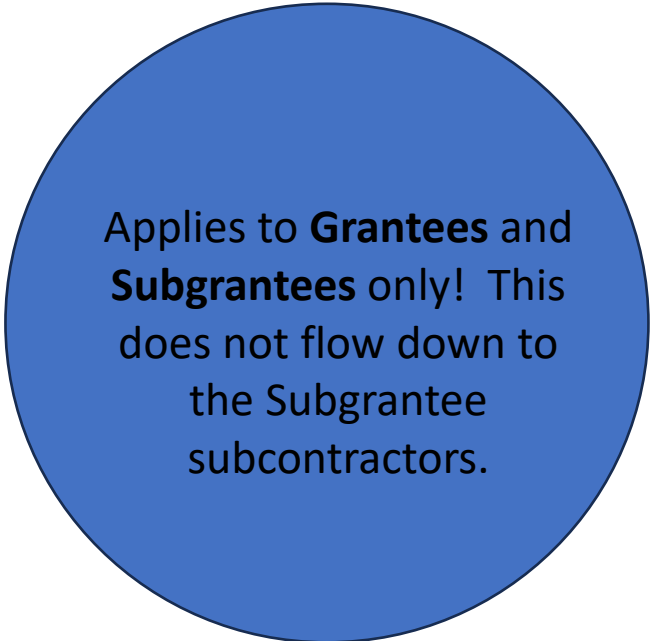


# Who is affected...

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The FAL.2025-05 applies to all DOE notice of funding opportunities (NOFOs) and financial assistance actions where funds are appropriated or otherwise made available and used for financial assistance awards to:

- For-Profit Organizations,
- Nonprofit Organizations,
- State and Local Governments.



Applies to **Grantees** and **Subgrantees** only! This does not flow down to the Subgrantee subcontractors.

# The implementation of the Indirect + Fringe maximum dollar value to Total Award...

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## For-Profit Organizations:

- up to 15% of the Total Award Amount

## Nonprofit Organizations:

- up to 15% of the Total Award Amount

## State and Local Governments:

- up to 10% of the Total Award Amount

The Total Award Amount is the sum of the total direct costs and indirect costs amounts.

It is comprised of the Federal and any required non-Federal cost share.

- Financial assistance awards are governed by 2 CFR 200.
- 2 CFR 200.414 (c) addresses the negotiated indirect cost rate agreement.
- The percentages listed in the FAL (10-15%) may deviate from the recipient's negotiated indirect costs rates specified in the award.
- The percent limits on indirect + fringe apply to the **TOTAL AWARD AMOUNT**.



# WPN 25-1

## Revised

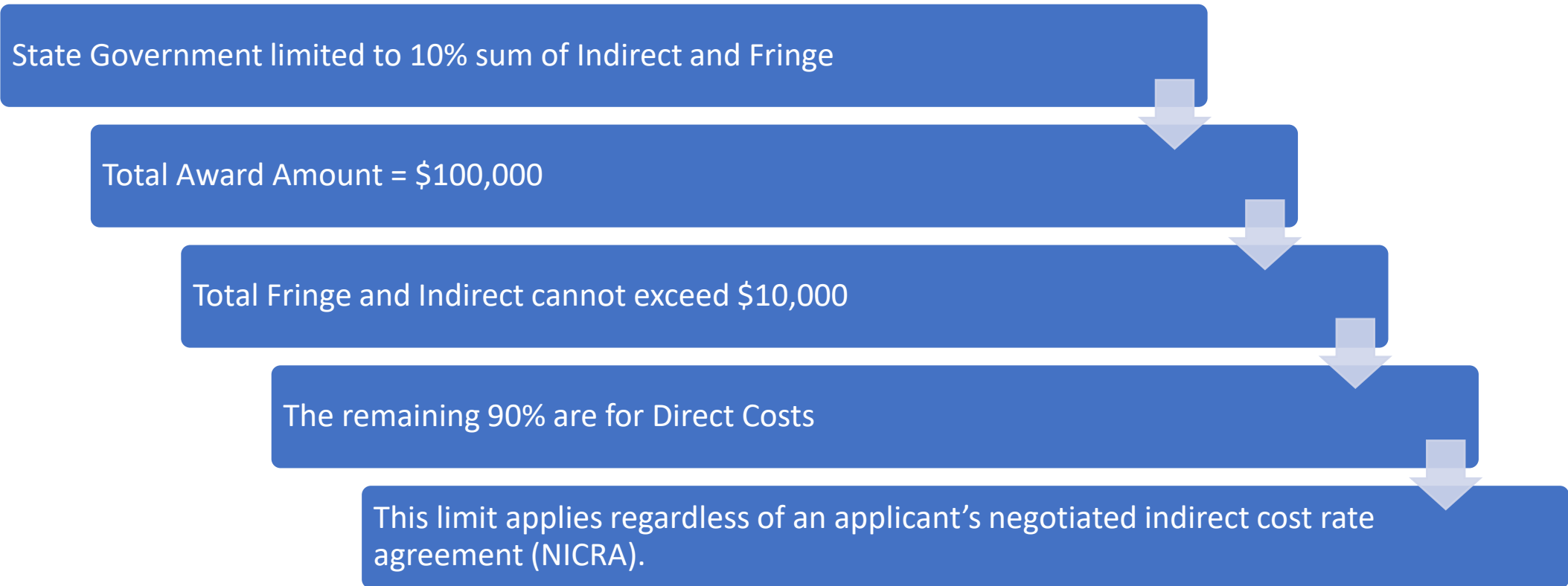
Key Definitions per 2 CFR 200.1:

**Direct Costs** are project costs that can be solely attributed to a specific project, award, or activity with a high degree of accuracy.

**Indirect Costs** are those costs incurred for a common or joint purpose benefiting two or more cost objectives (e.g., project, award, or activity) and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

# Grantee Example...

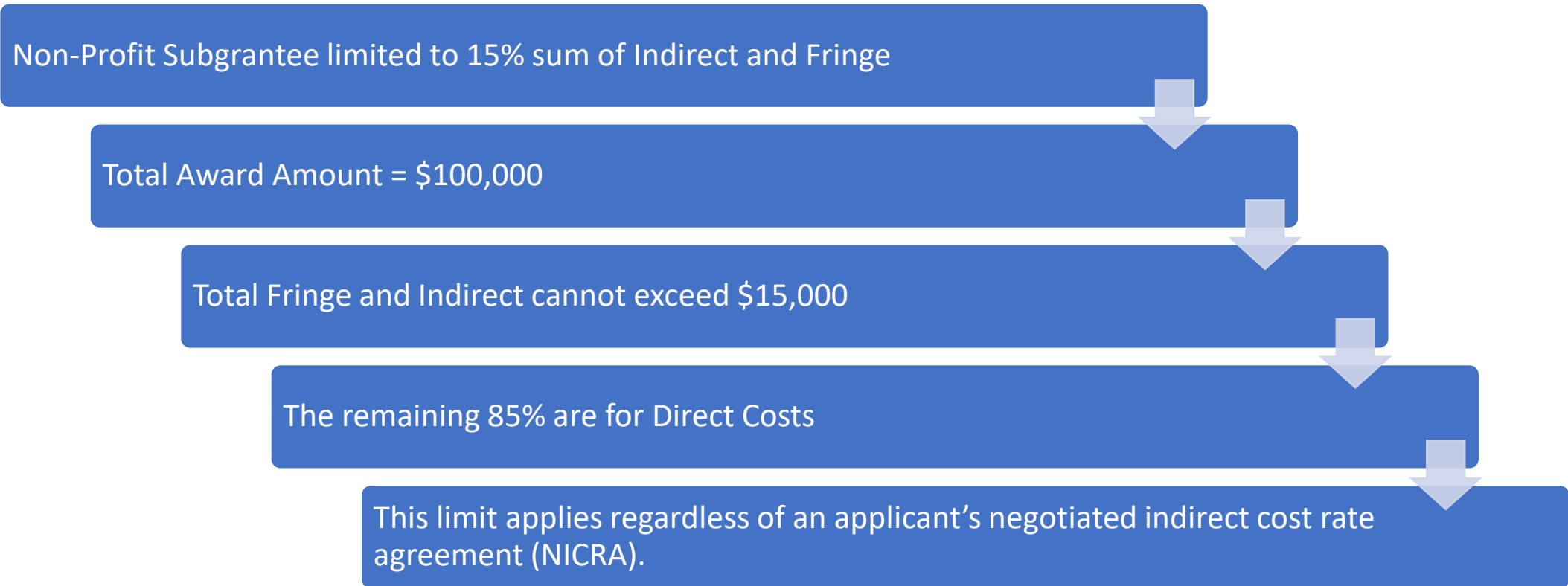
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**Note:** Both state and local governments are limited to 10% of the Total Award Value.

# Subgrantee (CAA) Example...

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**Note:** Both state and local governments are limited to 10% of the Total Award Value.

# A state plan example...

SECTION B - BUDGET CATEGORIES					
6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) GRANTEE ADMINISTRATI ON	(2) SUBGRANTEE ADMINISTRATI ON	(3) GRANTEE T&TA	(4) SUBGRANTEE T&TA	
a. Personnel	\$ 171,403.00	\$ 0.00	\$ 111,369.00	\$ 0.00	\$ 282,772.00
b. Fringe Benefits	\$ 49,337.00	\$ 0.00	\$ 30,368.00	\$ 0.00	\$ 79,705.00
c. Travel	\$ 35,000.00	\$ 0.00	\$ 42,116.00	\$ 0.00	\$ 77,116.00
d. Equipment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
e. Supplies	\$ 20,000.00	\$ 0.00	\$ 18,770.00	\$ 0.00	\$ 38,770.00
f. Contract	\$ 0.00	\$ 755,442.00	\$ 0.00	\$ 1,048,285.00	\$ 7,962,256.00
g. Construction	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
h. Other Direct Costs	\$ 37,215.00	\$ 0.00	\$ 39,613.00	\$ 0.00	\$ 76,828.00
i. Total Direct Charges	\$ 312,955.00	\$ 755,442.00	\$ 242,236.00	\$ 1,048,285.00	\$ 8,517,447.00
j. Indirect Costs	\$ 158,040.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 158,040.00
k. Totals	\$ 470,995.00	\$ 755,442.00	\$ 242,236.00	\$ 1,048,285.00	\$ 8,675,487.00
7. Program Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Total Award Amount = \$8,675,487

10% sum of Indirect and Fringe must not exceed the maximum dollar amount of **\$867,548**

Sum of Indirect and Fringe = \$237,745

# DOE Grant Officers must...

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1. Include the provision specified in Appendix 1 in each applicable Notice of Funding Opportunity (NOFO).
2. Ensure that each initial and subsequent negotiated and approved budget includes the appropriate percentage limit in the Total Award Amount.
3. Include the award term, outlined in [Appendix 2](#), in the award terms and conditions in all applicable financial assistance awards.

# Award Close Out & Compliance

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- DOE will assess whether the total indirect and fringe costs exceed the applicable percentage of the current total award.
- In such cases, DOE must take corrective action, which includes requiring the recipient to refund the excess amount.
- Only in circumstances where the **Secretary** has determined it necessary, the dollar threshold for payment of indirect costs and fringe benefits may be modified.



# NEXT STEPS: Grantee Action

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Grantees must ensure the Subgrantee's indirect costs are appropriately managed, allowable, and comply with the new reimbursement limitations.

Grantees should review the "Language for Award Terms and Conditions" in [Appendix 2](#) of the FAL.2025-05.

Grantees must include all award flow-down requirements in Subgrantee contracts.

# Language for Award Terms and Conditions

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## Indirect Cost Reimbursement Limitations

### *Applicable to Non-profit and For-Profit organizations*

In accordance with DOE Policy, while the recipient may allocate the listed indirect cost rates above, the recipient is limited to a **maximum percentage of 15%** of the **Total Award Amount** for **reimbursement of indirect costs and fringe benefits costs**.

Therefore, the limitation for indirect cost and fringe benefits reimbursement on this award is **\$[###,###]** or no more than **15%** of the total award. These costs shall not be billed to the Government until there is an immediate disbursement need based on an allocation of the indirect billing rate(s) to direct project cost.

# Language for Award Terms and Conditions

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## Indirect Cost Reimbursement Limitations

### *Applicable to State and Local Governments*

In accordance with DOE Policy, while the recipient may allocate the listed indirect cost rates above, the recipient is limited to a **maximum percentage of 10% of the Total Award Amount for reimbursement of indirect costs and fringe benefits costs.**

Therefore, the limitation for indirect cost and fringe benefits reimbursement on this award is **\$[###,###]** or no more than **10%** of the total award. These costs shall not be billed to the Government until there is an immediate disbursement need based on an allocation of the indirect billing rate(s) to direct project cost.

### NASCSP Recommends Grantees to...

- **Meet** with your fiscal department and ensure consistent communication and implementation of the FAL2025-05 to Subgrantees.
- **Communicate** changes to your organization and your Fiscal and Program Monitors.
- **Inform** the Subgrantees of the FAL in writing. Consider hosting a call to explain the implementation and any potential impacts.



# FedConnect®

The Government Acquisition & Grants Portal

## NASCSP Recommends Grantees to...

- Review and **carefully compare** PY2024 award Terms and Conditions with the PY2025 award Terms and Conditions. These can be found in your award in **Fed Connect**.
- Ensure that all changes in the award Terms and Conditions are **included or amended into Subgrantee PY2025 contracts** as required.
- Document Grantee compliance with new award Terms and Conditions.

# Pending lawsuit...

- Nineteen states and the District of Columbia sued the Department of Energy on Friday over the agency's move to limit the use of its grant funding for "indirect costs" such as buildings, equipment and personnel.
- The states noted that even House Republicans criticized the move in the [committee report](#) attached to their [fiscal 2026 Energy-Water bill](#), which directs DOE to pause the blanket cap and negotiate new rates with each recipient.



At present,  
PLEASE  
follow the  
FAL.2025-05





*Get it in* **WRITING!**

## Questions??

- DOE has asked that you send questions in **WRITING** to your assigned **DOE Project Officer**.
- DOE will be tracking the questions and may issue an FAQ.
- You are welcome to copy NASCSP. [Aschroer@nascsp.org](mailto:Aschroer@nascsp.org)

Thank you!

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