The Navajo Nation
Yideeskąądi Nitsáhákees

DR. BUU NYGREN PRESIDENT
RICHELLE MONTOYA VICE PRESIDENT

May 11, 2026

MEMORANDUM

TO : Program Managers and Division Directors

External Grant Funded Programs - The Navajo Nation

FROM : ______________________________
Dominic Beyal, Executive Director
Office of Management and Budget

SUBJECT: Indirect Cost Negotiation Agreement - FY 2025 & FY 2026 IDC Rates

On December 30, 2025, the Interior Business Center / U.S. Department of the Interior (IBC / DOI) informed Navajo Nation President Buu Nygren of the approval of the Nation's Indirect Cost Rate Proposal and offered the said Agreement and IDC rates for acceptance and approval by the Nation. On April 16, 2026, the Naabik'íyáti' Committee passed legislation to approve the subject Agreement along with the FY 2025 / FY 2026 IDC rates of 12.84% and 13.08%, respectively. On April 21, 2026, Speaker Crystalyne Curley certified resolution NABIAP-15-26. On April 27, 2026, based on the Naabik'íyáti' Committee's action, President Nygren electronically signed the Agreement.

The Office of Management and Budget (OMB) and the Department of Justice (DOJ) requested the Office of Legislative Counsel (OLC) make a technical correction to resolution NABIAP-15-26. OLC agreed to make the technical correction but it is still pending completion. Nevertheless, the Agreement was signed by President Nygren following the enactment of resolution NABIAP-15-26 pursuant to 2 N.N.C. § 701(A)(10) and, therefore, the Agreement is lawful and in effect.

OMB is hereby providing notice to externally-funded programs that pursuant to the FY 2027 Navajo Nation Budget Instructions Manual (BIM), Appendix K SECTION 8. C. 2., the IDC rates in the Agreement, attached hereto as Attachment A, should be utilized. Programs should use the FY 2026 IDC rate to budget for recovery of IDC funds in grant applications and awards. Also, be advised that programs should complete the Check Sheet on Calculating Budget for IDC Recovery in Appendix L-4 of the BIM to ensure the program's budget for IDC is supported and correct. Once OLC completes the technical correction to NABIAP-15-26, the resolution will be posted on OMB website at www.omb.navajo.nsn.gov.

On recovery of IDC funds, be advised the approved IDC rate that is in place at the time the external grant funding is expended shall be applied to recover IDC funds. For example, if the FY 2025 grant ended on September 30, 2025, and was extended to September 30, 2025, the FY 2026 IDC

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POST OFFICE BOX 646 | WINDOW ROCK, AZ 86515 | PHONE: (928) 357-6798

rate of 13.08% shall be used to recover IDC funds on the expenditures incurred on or after October 1, 2025.

Program Managers are urged to write and inform their funding agencies the FY 2026 IDC rate will be applied to the respective grants. Please copy the Contracts and Grants Section (CGS) / OMB on the correspondence that was submitted to your funding agency.

Thank you for complying with the BIM regarding use of the approved IDC rate. Contact CGS/OMB at (928) 357-6798 if you have questions.

ATTACHMENT / Distribution

Cc: CGS / OMB file
OPVP - President Nygren, VP Montoya, Sharen Sandoval, Bidtah Becker
Crystalyne Curley, Speaker – Navajo Nation Council
Eleanor Shirley, Interim Chief Justice – Judicial Branch
Shaandiin Parrish, Chairperson – Budget and Finance Committee
Office of Attorney General / DOJ – Kris Beecher, Mel Rodis, Michelle Begay-Nakai
Office of the Controller – Sean McCabe, Rob Willie, Christine Chavez

Section II: General

A. **Limitations:** Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

B. **Audit:** All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

C. **Changes:** The rate(s) contained in this agreement are based on the accounting system in effect at the time the proposal was submitted. Changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate(s) in this agreement may require the prior approval of the cognizant agency. Failure to obtain such approval may result in subsequent audit disallowance.

D. **Rate Type:**

1. Fixed Carryforward Rate: The fixed carryforward rate is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such period have been determined, an adjustment will be made to the rate for a future period, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs.

2. Provisional/Final Rate: Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

3. Predetermined Rate: A predetermined rate is an indirect cost rate applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

E. **Rate Extension:** Only final and predetermined rates may be eligible for consideration of rate extensions. Requests for rate extensions of a current rate will be reviewed on a case-by-case basis. If an extension is granted, the non-Federal entity may not request a rate review until the extension period ends. In the last year of a rate extension period, the non-Federal entity must submit a new rate proposal for the next fiscal period.

F. **Agency Notification:** Copies of this document may be provided to other federal offices as a means of notifying them of the agreement contained herein.

G. **Record Keeping:** Organizations must maintain accounting records that demonstrate that each type of cost has been treated consistently either as a direct cost or an indirect cost. Records pertaining to the costs of program administration, such as salaries, travel, and related costs, should be kept on an annual basis.

H. **Reimbursement Ceilings:** Grantee/contractor program agreements providing for ceilings on indirect cost rates or reimbursement amounts are subject to the ceilings stipulated in the contract or grant agreements. If the ceiling rate is higher than the negotiated rate in Section I of this agreement, the negotiated rate will be used to determine the maximum allowable indirect cost.

I. **Use of Other Rates:** If any federal programs are reimbursing indirect costs to this grantee/contractor by a measure other than the approved rate(s) in this agreement, the grantee/contractor should credit such costs to the

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Indian Organization
Indirect Cost Negotiation Agreement

EIN: 86-0092335

Date: 12/19/2025

Organization:

Navajo Nation
P.O. Box 646
Window Rock, AZ 86515

Report Number: 2025-0475

Filing Ref.:
Last Negotiation Agreement
dated: 10/04/2023

The indirect cost rate contained herein is for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 and/or Public Law 93-638 apply subject to the limitations contained in 25 CFR 900 and Section II.A. of this agreement. The rate was negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Section I: Rate

Start Date	End Date	Rate Type	Rate Details				
			Name	**Rate**	**Base**	**Location**	**Applicable To**
10/01/2024	09/30/2025	Fixed Carryforward	Indirect	12.84 %	(A)	All	All Programs
			Name	**Rate**	**Base**	**Location**	**Applicable To**
10/01/2025	09/30/2026	Fixed Carryforward	Indirect	13.08 %	(A)	All	All Programs

(A) Base: Total direct costs, less capital expenditures and passthrough funds. Passthrough funds are normally defined as payments to participants, stipends to eligible recipients, or subawards, all of which normally require minimal administrative effort.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

affected programs, and the approved rate(s) should be used to identify the maximum amount of indirect cost allocable to these programs.

J. **Other:**

1. The purpose of an indirect cost rate is to facilitate the allocation and billing of indirect costs. Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.

2. Programs received or initiated by the organization subsequent to the negotiation of this agreement are subject to the approved indirect cost rate(s) if the programs receive administrative support from the indirect cost pool. It should be noted that this could result in an adjustment to a future rate.

3. Each Indian tribal government desiring reimbursement of indirect costs must submit its indirect cost proposal to our office within six (6) months after the close of the Tribe's fiscal year, unless an exception is approved.

Section III: Acceptance

Listed below are the signatures of acceptance for this agreement:

By the Indian Organization	By the Cognizant Federal Government Agency
Navajo Nation	US Department of the Interior
Signed by: Buu Nygren F63AA6A7F8054FD...	DocuSigned by: Craig Wills B47DB1F4A5DB4BF...
Signature	Signature
Buu Nygren	Craig Wills
Name:	Name:
Navajo Nation President	Division Chief Indirect Cost & Contract Audit Division Interior Business Center
Title:	Title:
4/27/2026	4/27/2026
Date	Date

Negotiated by: Omar Sheyyab
Telephone: (916) 930-3806
Email: omar_sheyyab@ibc.doi.gov

Next Proposal Due Date: 03/31/2026