



Indirect Costs – An LEA Approach

Elmira Feather – Business Manager for Kuna School District #3



LEA Indirect Costs Use and Process



- 'Indirect cost rate' refers to a percentage applied to a Federal grant to recover expenses like administrative salaries, rent, utilities, office supplies, and overhead costs.
- Prior to apply any indirect costs, you must request an indirect cost rate from the SDE, and receive approval.
- The approved rate, which typically offers restricted and unrestricted options, is sent by the school finance department.
- Grants from the SDE usually allow only the restricted rate, except for the ESSER grant.

10) The approved unrestricted indirect cost rate negotiated between the subrecipient and the State Department of Education can be applied to this subaward.

Federal Award

Federal Awarding Agency	U.S. Department of Education
Pass-Through Agency	Idaho State Department of Education
Federal Award Identification Number (FAIN)	S425U210043
CFDA Number	84.425
Federal Award Project Description	Elementary and Secondary School Emergency Relief Fund

Subaward Details

Subaward Name	ARP - ESSER III - F/T Discretionary
Period of Performance	3/24/2021 - 9/30/2024

Budgeting Indirect Costs in Fixed Grant Awards



Budgeting Indirect Costs in Fixed Grant Awards

A. Use of Rates

Once the applicable rate has been determined, the amount available to earn indirect cost dollars can be computed as follows:

The amount available to earn indirect cost is determined by subtracting excluded costs (items of equipment, subcontracts in excess of \$25,000 and flow-through funds) from the grant award. Note that only the first \$25,000 of a sub-award is included in the Base of Application, and only during the first year of the sub-award. Amounts exceeding

\$25,000 during the first year, as well as the entire sub-award amounts during subsequent years, are excluded from the Base of Application.

The remaining amount is the net available for both indirect and direct costs. To determine the amount available to be assessed Indirect Costs, the net amount is divided by the combined percentage of 100 percent plus the applicable indirect cost rate percentage. For example: the indirect cost rate is 4.5 percent, the total entitlement for a Title 1 project is \$200,000, and the project included \$5,000 for capital outlay.

Example of Indirect Cost Rate Calculation Worksheet



2021-2022 Indirect Cost Rate Calculation Worksheet

School District / Charter School:

003.0 Kuna Joint

Funds 100-600

	Total Expenditures	Total Excluded Expenditures	Net Expend. (after exclusions)	Restricted Indirect Expenditures	Restricted Direct Expenditures	Unrestricted Indirect Expenditures	Unrestricted Direct Expenditures
512 Elementary School Program	9,981,449	-	9,981,449	-	9,981,449	-	9,981,449
515 Secondary School Program	11,284,916	5,836	11,279,080	-	11,279,080	-	11,279,080
517 Alternative School Program	373,090	-	373,090	-	373,090	-	373,090
519 Vocational-Technical Program	-	-	-	-	-	-	-
521 Special Education Program	3,402,449	-	3,402,449	-	3,402,449	-	3,402,449
522 Special Education Preschool Program	254,551	-	254,551	-	254,551	-	254,551
524 Gifted & Talented Program	7,566	-	7,566	-	7,566	-	7,566
531 Interscholastic Program	434,086	-	434,086	-	434,086	-	434,086
532 School Activity Program	-	-	-	-	-	-	-
541 Summer School Program	252,169	-	252,169	-	252,169	-	252,169
542 Adult School Program	-	-	-	-	-	-	-
546 Detention Center Program	-	-	-	-	-	-	-
611 Attendance - Guidance - Health Program	1,115,940	-	1,115,940	-	1,115,940	-	1,115,940
616 Special Education Support Services Program	161,661	-	161,661	-	161,661	-	161,661
621 Instruction Improvement Program	954,239	-	954,239	-	954,239	-	954,239
622 Educational Media Program	165,790	-	165,790	-	165,790	-	165,790
623 Instruction-Related Technology Program	-	-	-	-	-	-	-
631 Board of Education Program	16,262	-	16,262	-	16,262	-	16,262
632 District Administration Program	808,351	-	808,351	-	808,351	808,351	-
641 School Administration Program	2,580,129	-	2,580,129	672,427	2,580,129	672,427	2,580,129
651 Business Operation Program	672,427	-	672,427	-	-	-	-
655 Central Service Program	-	-	-	-	-	-	-
656 Administrative Technology Service	-	-	-	-	-	-	-
661 Buildings - Care Program (Custodial)	2,358,078	-	2,358,078	-	2,358,078	2,358,078	-
663 Maintenance - Non-Student Occupied	-	-	-	-	-	-	-
664 Maintenance - Student-Occupied Buildings	675,234	-	675,234	-	675,234	675,234	-
665 Maintenance - Grounds	187,538	-	187,538	-	187,538	187,538	-
667 Security Program	401,891	-	401,891	-	401,891	401,891	-
681 Pupil-To-School Transportation Program	1,621,295	18,109	1,603,186	-	1,603,186	-	1,603,186
682 Pupil-Activity Transportation Program	25,480	-	25,480	-	25,480	-	25,480
683 General Transportation Program	27,856	-	27,856	-	27,856	-	27,856
691 Other Support Services Program	1,959,381	68,073	1,891,308	-	1,891,308	-	1,891,308
710 Child Nutrition Program	1,758,634	906,641	851,993	-	851,993	-	851,993
720 Community Services Program	106,016	-	106,016	-	106,016	-	106,016
730 Enterprise Operations Program	-	-	-	-	-	-	-
810 Capital Assets - Student-Occupied (Qualifying Expd)	448,908	448,908	-	-	-	-	-
811 Capital Assets - Non-Student Occupied (& Student-Occupied Bldg Non-Qualifying Expd)	16,991,635	16,991,635	-	-	-	-	-
911 Debt Services Program - Principal	5,155,000	5,155,000	-	-	-	-	-
912 Debt Services Program - Interest	2,402,220	-	-	-	-	-	-
913 Debt Services Program - Refunded Debt	-	-	-	-	-	-	-
Combined Total:	66,584,241	25,996,422	40,587,819	672,427	39,915,392	5,103,519	35,484,300

Adjustments and Reclassifications:

Terminal Leave Costs - 632 District Admin.	-	-	-	-	-	-	-
Terminal Leave Costs - 651-656 Heads of Components	-	-	-	-	-	-	-
Terminal Leave Costs - All Other	-	-	-	-	-	-	-
Post Retirement Health Benefits (PRHB)	-	-	-	-	-	-	-
Sub-awards/sub-contracts exceeding \$25,000	-	-	-	-	-	-	-
Fcn 632 Expenditures s/b Coded to Fcn 651-656	-	-	-	174,006	(174,006)	-	-
Fcn 632 Expd s/b Coded to other than Fcn 651-656, 632	-	-	-	(87,118)	87,118	-	-
Fcn 651-656 Heads of Components Costs	-	-	-	-	-	-	-
Total	66,584,241	25,996,422	40,587,819	759,315	39,828,504	5,103,519	35,484,300

Indirect Cost Rate

		1.91%		14.38%
FY 2022 Indirect Cost Rate - Restricted:	1.81%		FY 2022 Indirect Cost Rate - Unrestricted:	13.66%

Discounted Indirect Cost Rate for July 1, 2021 - June 30, 2022 *

Final Rate Calculation



Restricted Indirect Expenditures	Restricted Direct Expenditures	Unrestricted Indirect Expenditures	Unrestricted Direct Expenditures
759,315	39,828,504	5,103,519	35,484,300
	1.91%		14.38%
FY 2022 Indirect Cost Rate - Restricted: 1.81%		FY 2022 Indirect Cost Rate - Unrestricted: 13.66%	

Applying Your Approved Indirect Rate



Instructions: Once your rate is approved and verified, following the previous instructions, I calculate the indirect cost rate at the end of the fiscal year.

Let's look at a calculation in Skyward (accounting system) with the IDEA Part B Grant, fund 257, with an approved SDE rate of 1.81%.

Notification ID:00044402

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Idaho State Department of Education Grant Subaward Notification

Recipient

KUNA JOINT DISTRICT	EIN Number	826001275
	Indirect Cost Rate	1.81%

Registration on Sam.Gov

Kuna Joint School District #3	DUNS Number	100015072
711 E Porter St	CAGE Code	5CAK0
Kuna		
ID, 83634 - 1484		

Federal Award

Federal Awarding Agency	U.S. Department of Education
Pass-Through Agency	Idaho State Department of Education
Federal Award Identification Number (FAIN)	H027A210088
CFDA Number	84.027
Federal Award Project Description	Special Education_Grants to States

Subaward Details

Journal Entry Example



Journal Entry: In this case, \$18,270 was transferred from the IDEA Part B grant to the general fund, and a total of \$305,000 was transferred from all Federal grants on the list. The transfer happens by uploading a journal entry to Skyward (accounting system) and this is what it looks like. It is expense for federal grants and revenue for a general fund.

					Journal Entry to Skyward	
					debit	credit
		Restricted vs Unrestricted				
Title I-A	expense-increase	Restricted	1.81%	251 E 920000 800 000 000	15,633	
Title I-C	expense-increase	Restricted	1.81%	253 E 920000 800 000 000	2,130	
ESSER	expense-increase	<i>Unrestricted-see Terms and Con</i>	13.66%	254 E 920000 800 000 000	247,157	
IDEA, Part B-school age	expense-increase	Restricted	1.81%	257 E 920000 800 000 000	18,270	
IDEA, Part B-preschool	expense-increase	Restricted	1.81%	258 E 920000 800 000 000	396	
ARP IDEA, Part B-school age	expense-increase	Restricted	1.81%	259 E 920000 800 000 000	2,962	
ARP IDEA, Part B-preschool	expense-increase	Restricted	1.81%	270 E 920000 800 000 000	1,865	
Food Services	expense-increase	Restricted	1.81%	290 E 920000 800 000 000	17,585	
General	revenue-increase	Restricted	1.81%	100 R 460000 000 000 500	-	305,997.09
TOTAL					305,997.09	305,997.09

Indirect Calculations



- Determine the base amount for the calculation
- Remove any capital outlays, sub-awards, or debt service expense (if applicable)

CALCULATION			
GRANT AMOUNT EXPENDED			1,027,657
LESS: CAPITAL OUTLAY (check all obj 500s)	<i>no capital outlay</i>		
LESS: SUBAWARD (>25,000) (check all obj 300s)	<i>no subawards</i>		
LESS: DEBT SERVICE	<i>no debt service</i>		
SUM:CURRENT COSTS			1,027,656.99
DIRECT COST DOLLAR AMOUNT= (SUM CURRENT COSTS/(RATE + 1.0)			1,009,387.08
INDIRECT COST =DIRECT COSTxRATE%			18,269.91
TOTAL CURRENT AND INDIRECT COST			1,027,656.99
ALREADY CHARGED			
FINAL INDIRECT COST	Indirect Cost	257 E 920000 800 000 000	18,269.91

Key Takeaways



- Apply for the rate with the SDE.
- Make sure it is applicable to all your grants, look at the Grant Award letter in the Grant Reimbursement Application.
- Perform the calculations after the fact (capturing a group of expenses); the expenses have to already show in your accounting system on your general ledger.



Questions???

