

IN ACCORDANCE WITH OMB 2 CFR 200

Local Education Agency Indirect Cost Plan



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INTRODUCTION

The Office of Management and Budget (OMB) Uniform Guidance under 2 CFR 200 sets forth the cost principles and standards for determining the allowable costs of federally funded grants and contracts administered by state and local governments and contains provisions for determining indirect cost rates for grantees and sub-grantees of federal grants. The objectives of the Circular are:

1. Establish uniform standards of allowability. All federal agencies agree to recognize the central service costs which benefit grant programs as allowable costs of those programs, so long as they are calculated in accordance with the Circular.
2. Establish uniform standards for allocation. All federal agencies accept the method of allocation agreed to by the “cognizant” federal agency. Costs are allocated to the benefitting departments regardless of the funding source or the ability of that source to pay.
3. Identify the full cost of federal programs. By identifying, accumulating, and allocating all allowable direct and indirect costs to the program for which the cost was incurred, the exact cost of all federal programs may be determined.
4. Ensure federal programs bear their fair share of costs. Only by identifying and allocating all direct and indirect costs within a central service cost allocation plan in conformity with the Circular will agencies be reimbursed for the total cost of federal programs.
5. Simplify intergovernmental relations. Under the OMB 2 CFR 200 concept of the “cognizant” agency, one agency within one group of reviewers approves a cost plan. All other agencies accept the plan. Thus, uniform methods of allocation and allowability are applied to all federal grants.
6. Encourages consistency of treatment. Grantee organizations are encouraged to process all grant applications through a central office that is also aware of the basis of which an indirect cost rate was developed to minimize inconsistent treatment.

The Idaho State Department of Education (SDE) has, in cooperation with the U.S. Department of Education (ED), developed an indirect cost proposal to be used for local education agencies (LEAs) in Idaho. The state education agency (SEA) has been delegated authority by ED to calculate indirect cost rates for LEAs. To recover any indirect costs for the administration of federal or state grants, an LEA must have an approved indirect cost rate. Rates will be calculated annually based on the annual Financial Report and supplemental forms in accordance with this plan.

INDIRECT COST RATE INFORMATION

An indirect cost rate is a means of determining in a reasonable manner the percentage of allowable general management costs that each federal grant should bear. Indirect costs are generally administrative costs such as the salaries and expenses for people who are engaged in administrative activities from which the entire LEA benefit.

Indirect costs are recovered only to the extent of direct costs incurred. Once a rate is received it is applied to the net direct cost amount expended (total direct costs less equipment purchases, alterations and renovations, the portion of individual sub-awards exceeding \$25,000 and pass-through funds). The approved rate is the maximum rate and can be applied at less than the maximum.

Federal law or grant conditions may limit the amount of indirect costs or the indirect cost rate. For example, if a district has a restricted rate of five percent and the program legislation allows only a three percent rate of recovery, then it can recover only indirect costs equal to three percent of the appropriate base. Grant terms and conditions may also exist for some grants that prohibit any recovery of indirect costs. Recovery of indirect costs on grants is subject to the availability of funds.

APPROVAL PROCESS

An approved indirect cost rate is issued by the SEA for each specific fiscal year. Indirect costs are recovered only to the extent of direct costs incurred. The indirect cost rate is applied to the direct cost amount expended, not to the grant award.

The source of information to determine indirect cost rates is the LEAs annual School District Financial Report. It is essential that LEAs classify expenditures uniformly and consistently. Types of expenditures, which are identified as indirect costs, shall not also be included as direct costs. All expenditures detailed on the financial report must have been incurred and records supporting them must be maintained by the LEA.

CLASSIFICATION OF COSTS

A. Direct Costs

Direct costs are those that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or other programs against which cost are finally assigned. Typically, direct costs chargeable to a grant include, but are not limited to:

- Compensation of employees for the time devoted and identified specifically to the performance of those programs;
- Cost of materials acquired, consumed, or expended specifically for the purpose of those programs;
- Travel expenses incurred specifically to carry out the program; etc.

B. Indirect Costs

Indirect costs are those which are not readily identifiable with the activities of the grant but are, nevertheless, incurred for the joint benefit of those activities and other activities or programs of the organization.

In accordance with OMB 2 CFR 200.414, indirect costs are meeting the following criteria:

- Incurred for a common or joint purpose benefitting more than one cost objective; and
- Not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

A cost may not be allocated to a federal financial assistance program as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a federal financial assistance program as a direct cost. Typical examples of indirect costs may include: procurement, payroll, personnel functions, maintenance and operations of space, data processing, accounting, auditing, budgeting, communications (telephone, postage), etc.

C. Unallowable Costs

OMB 2 CFR 200 4xx classifies certain items of cost as unallowable. Unallowable costs cannot be charged to federal awards. For rate computation purposes, unallowable costs should be included in the allocation base if such costs benefit from allowable indirect activities.

Examples of disallowed costs are bad debts, contingencies, entertainment, fines and penalties, general governance, and contributions and donations to outside organizations.

D. Excluded Costs

Certain items of costs are classified in OMB 2 CFR 200 as extraordinary or distorting expenditures and are excluded from the computation of the indirect cost rate. Excluded costs in this category include capital outlay, debt service, judgments against the school district, certain transfers, and internal service fund expenditures. Food service supplies are also categorized as excluded costs.

RATE TYPES

A. Restricted Rates

As defined in the Education Department General and Administrative Regulations (EDGAR), 75.563 and 76.563, restricted rates apply to grants that are made under federal programs with supplement-not-supplant requirements. This means that the funds are for support in addition to state and local funding. Such amounts are intended to supplement, but in no way replace local funds. Most of the federal grants that the LEA obtains through the department have supplement-not-supplant requirements and a restricted indirect cost rate must be used on the programs.

Restricted grants include only indirect costs consisting of general management costs and fixed charges as defined below:

General Management Costs

General management costs consist of the salaries and expenses for employees performing accounting, payroll preparation, or personnel management activities. Those activities that are limited to one school, subject, or phase of operation, are not general management costs such as the salaries and expenditures related to the direction and supervision of such functions as instruction, guidance, attendance, transportation, community services, and student services. The costs of these functions are considered direct costs.

Generally, salaries and expenses for auditing, budgeting, payroll, personnel, purchasing, and employee relations are examples of services that typically benefit several activities and programs for which costs may be attributed by means of an indirect cost proposal. For LEAs, this would include most of the costs recorded in the Business Operations Program (Function 651). In theory, all such costs can be charged directly. However, practical limitation and consideration of efficiency in accounting preclude such an approach and therefore these costs are considered indirect.

As stated in EDGAR 76.565, “general management costs mean the costs of activities that are for the direction and control of the grantee’s affairs that are organization-wide. An activity is not organization-wide if it is limited to one activity, one component of the grantee, one subject, one phase of operations, or other single responsibility. General management costs include the costs of performing a service function, such as accounting, payroll preparation, or personnel management, that is normally at the grantee’s level even if the function is physically located elsewhere for convenience or better management.”

When calculating a restricted indirect cost rate, the term “General Management Costs” does not include expenditures for:

- The governing body (members of the board of education) of the grantee;
- Compensation of the chief executive officer (superintendent of a school district) of the grantee; and
- Operation of the immediate offices of these officers.

Accordingly, the superintendent’s and board of education’s salary, benefits, communications/telephone charges and other expenditures related directly to the operation of the superintendent’s and board of education offices, specifically, are not included in the indirect costs and are considered, for rate computation purposes, to be disallowed costs in the calculation of the restricted indirect cost rate.

Charges for individuals whose time is divided between district-wide management responsibilities and specific program and administrative activities will be based on Personal Activity Reports prepared at least monthly in compliance with OMB 2 CFR 200.430. If the superintendent is part-time, both superintendent-time and non-superintendent time should be captured by time distribution records.

An individual principal’s salary, benefits, and expenditures related to the operation of the principal’s immediate offices are also not considered indirect costs. These costs are considered direct costs both restricted and unrestricted rate for computation purposes.

Fixed Charges

Fixed charges classified as indirect costs are limited to those amounts that are associated with general management costs. The fixed charges can be viewed as appended to those administrative functions, and the classification rules are the same as those applied to salaries.

These expenditures are exclusively identified as:

- Employee retirement

- Social security
- Pension fund payments
- Employee insurance premiums
- Liability insurance premiums
- Unemployment and workers compensation, and
- All similar costs normally considered being employee fringe benefits

Note that per OMB 2 CFR 200.431, payments to separating employees for termination benefits and/or unused leave (“terminal leave costs”) are treated as indirect costs when computing the restricted and unrestricted indirect cost rate with one exception. When computing the restricted indirect cost rate, terminal leave costs to employees who are indirect for the unrestricted rate, but direct for the restricted rate (i.e., superintendent and their office), are considered direct cost payments for rate calculation purposes only. Payments to separating employees for unused leave are NOT charged as direct costs to any federal awards.

All Post Retirement Health Benefits (“PRHB”) will be treated as indirect costs for both the Restricted and Unrestricted rate regardless of where the employees’ salary is recorded with one exception. For purposes of calculating the restricted rate, PRHB costs associated with the Superintendent and Head of Components within 651-656 Business Operations (as defined by EDGAR 76.565(d)(2)) will be treated as direct.

B. Unrestricted Rates

Unrestricted rates apply to grants not subject to the supplement-not-supplant legislative restriction.

1. Indirect Costs – Expenditures for operations and maintenance of plant and the executive administration – superintendent office is classified as an indirect cost when calculating an unrestricted rate. All other costs are classified the same as the restricted rate calculations.
2. Direct Costs, Unallowable Costs, and Excluded Costs are also classified the same as the restricted rate calculations.

AUDIT REQUIREMENTS

A. General Statement

The classification of expenditure will conform to the codes used in the Idaho Financial Accounting Reporting Management System (IFARMS). The manual is available on the SDE website at <http://www.sde.idaho.gov/finance/> under Manuals.

B. Additional Documentation – Indirect Costs

Detailed records are required to support any indirect costs attributed to Support Services – General Administration. These records should contain a detailed analysis of cost classified as indirect that should include a justification of explanation as well as other pertinent information. Failure to provide adequate documentation may result in Single Audit questioned cost related to indirect cost recovery. All expenditures recorded in Business and Other Support Services do not require additional documentation in support of classification as indirect costs.

C. Additional Documentation – Excluded Costs

Schedules or other records that document the reporting of all expenditures recorded as excluded costs should be maintained. Failure to document that all excluded type costs have been reflected accurately may result in Single Audit comments to indirect cost calculation.

Generally, records and documentation supporting the indirect cost allocation plan must be retained for a period of three years after the last day of the fiscal year to which the proposal applies or until audited, whichever occurs sooner. If audit exceptions have been noted, records must be retained until those exceptions have been resolved.

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.

Grant Award	\$200,000
Less: Capital Outlay	<u>\$5,000</u>
Net Available for Indirect and Direct Costs	\$195,000
Indirect Cost Rate	4.50%
Direct Costs [$\$195,000 / (1+.045)$]	\$186,603
Indirect Costs (Direct Costs x 4.5%)	8,397
Capital Outlay	<u>5,000</u>
Grant Award	\$200,000

NOTE: This example shows how to calculate the *maximum* amount of indirect costs that could be claimed against a grant; however, the amount of indirect costs actually paid for a fixed grant will depend on the actual amount of direct costs actually incurred for the grant. In no case can the amount of actual direct costs plus calculated indirect costs plus capital outlay costs exceed the total amount of the fixed grant award.

INDIRECT COST RATE CALCULATION

A. District Profile

Idaho is a rural state with an estimated public K-12 student population of over 295,000 in FY 2020 with 177 public school districts and charter schools varying in size from 3 students to over 38,000 students. The Idaho Department of Education is under the direction of an elected state superintendent.

The districts are governed by elected school boards that are authorized to contract for the services of a district superintendent, principal, and school business manager. District superintendents typically perform the following activities:

- Governance – (632) administration of school board policy

- School Administration – (641) supervision of schools
- Business Operations – (651-656) budgeting, fiscal control, and purchasing
- Buildings and Grounds – (661-667) supervision of operations and maintenance
- Instructional – (621-623) curriculum development and supervision
- Transportation – (681-683) supervision of student transportation

B. Methodology

The Superintendent of Public Instruction is required to implement a uniform system for the accounting, budgeting, and reporting of fiscal data for all school districts in the state. The uniform accounting system is implemented with the Idaho Financial Accounting Reporting Management System Manual, otherwise known as IFARMS.

Each school district/charter school is required to submit an annual school district financial report to the department using the IFARMS chart of accounts. The report is due October 31 and is compared to their audit report completed by a certified public accountant. The data is the source for federal and state reporting purposes including the National Public Education Financial Survey (NPEFS), the Census Bureau’s Survey of Local Government Finances: School Systems (F-33) and the state’s Financial Summaries publication.

From this data, in combination with minimal supplementary information, the indirect cost rates for each school district / charter school in the state requesting an indirect cost rate for the upcoming school year are generated. This is the source data used to categorize the school’s expenditures as excluded, indirect and direct/unallowable costs.

General Fund 100, Special Revenue Funds 220-289, and Child Nutrition Fund 290 expenditures for regular, federal, special education, vocational education, and other programs as well as food services and student activities are included in total expenditures. Debt service and transfers are excluded. Equipment, food service supplies, and capital outlay included in total expenditures are identified and eliminated. Restricted indirect costs are made up of Business Operations 651, Central Service Program 655, and Administrative Technology 656.

The following reclassifications and adjustments are made reported costs:

1. Terminal leave costs are identified and reclassified to indirect costs with the exception of 632 District Administration Program and Head of Component related expenditures coded to 651-656 Business Programs for the restricted rate. All terminal leave costs are included as indirect for when calculating the unrestricted rate.
2. Post-Retirement Health Benefit costs are identified and reclassified to indirect costs with the exception of 632 District Administration Program and Head of Component related expenditures coded to 651-656 Business Operations.
3. Salaries, fringe benefits, and associated operating expenses for Heads of Components in districts with best-28-week average daily attendance (ADA) (for the most recently ended

year) greater than 5,000. An example of a Head of Component would be a CFO or Director of Business Operations type position that has a business manager or accountant overseeing the day to day accounting functions.

4. Sub-awards/sub-contracts exceeding \$25,000 are identified and excluded.
5. Some schools code business type costs to 632 District Administration Program instead of 651 Business Operations. Schools will be asked to identify any costs that should have been coded to 651 but were instead coded to 632.

Unrestricted indirect costs are restricted indirect costs plus 661 Buildings – Care Program, 663-665 Maintenance, and 667 Security Program.

C. Discounted Predetermined Rates

Idaho School districts/charter schools use the discounted predetermined rate method for indirect costs. The final rates are discounted by five percent to meet the “reasonable assurance” criteria required for use of predetermined rates described at OMB 2 CFR 200. In addition, the restricted rate for any school district is capped at 5%.

D. Guide to Indirect Cost Allocation Worksheet (Restricted Rates)

Funds 100-600				
Function/Description		Excluded	Indirect	Direct
512	Elementary School Program	500 Capital Outlay		All Other Objects
515	Secondary School Program	500 Capital Outlay		All Other Objects
517	Alternative School Program	500 Capital Outlay		All Other Objects
519	Vocational-Technical Program	500 Capital Outlay		All Other Objects
521	Special Education Program	500 Capital Outlay		All Other Objects
522	Special Education Preschool Program	500 Capital Outlay		All Other Objects
524	Gifted & Talented Program	500 Capital Outlay		All Other Objects
531	Interscholastic Program	500 Capital Outlay		All Other Objects
532	School Activity Program	500 Capital Outlay		All Other Objects
541	Summer School Program	500 Capital Outlay		All Other Objects
542	Adult School Program	500 Capital Outlay		All Other Objects
546	Detention Center Program	500 Capital Outlay		All Other Objects
611	Attendance – Guidance – Health	500 Capital Outlay		All Other Objects
616	Special Education Support Services Program	500 Capital Outlay		All Other Objects
621	Instruction Improvement Program	500 Capital Outlay		All Other Objects
622	Educational Media Program	500 Capital Outlay		All Other Objects
623	Instruction – Related Technology Program	500 Capital Outlay		All Other Objects
631	Board of Education Program	500 Capital Outlay		All Other Objects
632	District Administration Program	500 Capital Outlay		All Other Objects
641	School Administration Program	500 Capital Outlay		All Other Objects
651	Business Operation Program	500 Capital Outlay	All Other Objects	
655	Central Service Program	500 Capital Outlay	All Other Objects	
656	Administrative Technology Service	500 Capital Outlay	All Other Objects	

661	Buildings – Care Program (Custodial)	500 Capital Outlay		All Other Objects
663	Maintenance – Non-Student Occupied	500 Capital Outlay		All Other Objects
664	Maintenance – Student – Occupied Buildings	500 Capital Outlay		All Other Objects
665	Maintenance – Grounds	500 Capital Outlay		All Other Objects
667	Security Program	500 Capital Outlay		All Other Objects
681	Pupil-to-School Transportation Program	500 Capital Outlay		All Other Objects
682	Pupil-to-Activity Transportation Program	500 Capital Outlay		All Other Objects
683	General Transportation Program	500 Capital Outlay		All Other Objects
691	Other Support Services Program	500 Capital Outlay		All Other Objects
710	Child Nutrition Program	400 Supplies 500 Capital Outlay		All Other Objects
720	Community Services Program	500 Capital Outlay		All Other Objects
730	Enterprise Operations Program	500 Capital Outlay		All Other Objects
810	Capital Assets – Student Occupied (Qualifying Expenditures)	All Objects		
811	Capital Assets – Non-Student Occ (& Student – Occ. Bldg Non-Qualifying Expd)	All Objects		
911	Debt Services Program – Principal	All Objects		
912	Debt Services Program – Interest	All Objects		
913	Debt Services Program – Refunded Debt	All Objects		

Notes: The above table identifies costs for the restricted rate calculation. The unrestricted rate calculation is similar except the direct costs of 661 Buildings Care, 663/664/665 Maintenance and 667 Security are reclassified to indirect costs.

GLOSSARY OF PROGRAM, FUNCTION, AND OBJECT CODES

A. Fund

100	General Fund
220-289	Special Revenue Funds
290	Child Nutrition
300	Debt Service
400	Capital Projects
500	Enterprise
600	Internal Service
700	Trust and Agency

100 General Fund – This fund is the chief operating fund of the school district. It is used to account for all financial resources of the school district except for those required to be accounted for in another fund.

200 Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than trusts and major capital projects) that are legally restricted to expenditure for specified purposes.

290 Child Nutrition Fund – This fund accounts for all financial transactions of the school food service program in compliance with local, state, and federal laws or regulations.

300 Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

400 Capital Project Funds – These funds are used to account for financial resources to be used to acquire or construct major capital facilities. The most common source of capital projects funding is the sale of bonds or other capital financing instruments.

500 Enterprise Fund – This fund may be used to account for any activity for which a fee is charged to external users for goods and services.

600 Internal Service Fund – This fund may be used to account for any activity within the school district that provides goods or services to other funds, departments, etc. on a cost-reimbursement basis.

700 Trust and Agency Funds – These funds account for assets held by a school district in a trustee capacity for others and that therefore cannot be used to support the school district's own programs. Trust funds are generally accounted for using the economic resources measurement focus and the accrual basis of accounting.

B. Function

512 Elementary Program (K-6): The instruction and learning experiences which are concerned with knowledge, skills, appreciation, attitudes and behaviors needed by students enrolled in kindergarten through sixth grades.

515 Secondary Program (7-12): The instruction and learning experiences which are concerned with knowledge, skills, appreciation, attitudes and behavior needed by students enrolled in the grade levels seven through twelve or any combinations thereof.

517 Alternative School Program: The instruction and learning experiences which are concerned with knowledge, skills, appreciation, attitudes and behavior needed by students enrolled in the grade levels seven through twelve or any combinations thereof assigned to approved alternative schools to provide enhanced learning experiences to meet the needs of students that cannot be addressed in a traditional classroom setting.

519 Vocational and Technical Programs: The instruction and learning experiences which are concerned with preparing students to meet challenging academic standards as well as industry skill standards while preparing students for broad-based careers.

521 Special Education Program: The instructional activities and services of teachers and classroom aides who work to meet the needs of special education students.

522 Special Education Preschool Program: The instructional activities and services of teachers and classroom aides who work to meet the needs of preschool special education students.

524 Gifted and Talented Program: The instructional activities and services of teachers and classroom aides (Ancillary Personnel) who work to meet the needs of gifted and talented students. (Example: Classroom teachers, aides, supplies, and equipment for the gifted and talented classrooms.)

531 Interscholastic Competition Programs: The extra-curricular programs and activities which normally supplement the institutional curriculum program. These programs involve student participation in competitive interscholastic events which are scheduled and sponsored by the school.

532 School Activities Program: School-sponsored activities which are an adjunct to the instructional curriculum and include student financed and managed activities.

541 Summer School Program: Programs of instruction that provide classroom instruction during the summer months between the end of the regular school term and the beginning of the next regular school term. Summer school programs are not considered as part of or eligible for the state educational support program.

542 Adult School Program: Programs of instruction designed to serve the needs of students and adults which are not considered part of the regular school program or a program which is required or entitled to state educational support.

546 Detention Center Program: Programs of instruction designed to service the needs of students at a Juvenile Detention Center facility.

611 Attendance, Guidance, and Health Programs: Activities designed to assess and improve the well-being of students and to supplement the teaching process.

Attendance and Social Work Services: Activities designed to improve student attendance at school that attempt to prevent or solve student problems involving the home, the school, and the community. Registration activities for adult education programs are

included here. Some examples of other services to be reported within this function code are supervision services, attendance services, and student accounting services.

Guidance Services: Activities involving counseling with students and parents; consulting with other staff members on learning problems; evaluating the abilities of students; assisting students as they make their own educational and career plans and choices; assisting students in personal and social development; providing referral assistance; and working with other staff members in planning and conducting guidance programs for students. Guidance services may include supervision services, counseling services, appraisal services, student record services, and placement services.

Health Services: Physical and mental health services that are not direct instruction. Included are activities that provide students with appropriate medical, dental, and nursing services.

616 Special Education Support Services Program: The personnel, activities, and services designed to assist special education students and staff members who work with the Special Education and Special Education Preschool Programs. Ancillary personnel included in this program: Directors, Supervisors, Consulting Teachers, Psychologists, Social Workers, and other related services personnel.

621 Instructional Improvement Program: Improvement of Instruction. Activities primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development, techniques of instruction, child development and understanding, and staff training.

Instruction and Curriculum Development: Activities that aid teachers in developing the curriculum, preparing and using special curriculum materials, and understanding and appreciating the various techniques that stimulate and motivate students.

Instructional Staff Training: Activities associated with the professional development and training of instructional personnel. These include such activities as in-service training (including mentor teachers), workshops, conferences, demonstrations, and courses for college credit (tuition reimbursement), and other activities related to the ongoing growth and development of instructional personnel. Training that supports the use of technology for instruction should be included in this code. The incremental costs associated with providing substitute teachers in the classroom (while regular teachers attend training) should be captured in this function code. All costs should be charged to

this code regardless of whether training services are provided internally or purchased from external vendors.

622 Educational Media Program: Activities concerned with directing, managing, and supervising educational media services (e.g. supervisory personnel) as well as such activities as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning for the use of the library by students, teachers, and other members of the instructional staff; and guiding individuals in their use of library books, reference guides and materials, catalog materials, special collections, and other materials, whether maintained separately or as part of an instructional materials center. These activities include developing and acquiring library materials and operating library facilities. Textbooks are not charged to this function but rather to the instruction function.

623 Instructional Related Technology: This functional category encompasses all technology activities and services for the purpose of supporting instruction. These activities include expenditures for internal technology support as well as support provided by external vendors utilizing operating funds. These activities include costs associated with the administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support services, and other technology related costs that relate to the support of instructional activities. Specifically, costs associated with the operation and support of computer learning labs, media center computer labs, instructional technology centers, instructional networks and similar operations should be captured in this code.

Student Learning Centers: Activities concerned with supporting and maintaining labs and centers (outside the classroom) that are established to support the instructional environment. These labs and centers may be located in the library or in other locations but are not primarily dedicated to student-teacher learning. Labs or learning centers that are primarily dedicated to instruction should be coded in instruction.

Technology Service Supervision and Administration: Activities concerned with directing, managing, and supervising data processing services.

Systems Analysis and Planning: Activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment and, wherever possible, on quantitative methods. Where applicable, these activities pertain to the development of data processing procedures or application to electronic data processing equipment.

Systems Application Development: Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving

problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

Systems Operations: Activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data preparation devices, and data processing machines.

Network Support: Services that support the networks used for instruction-related activities.

Hardware Maintenance and Support

Professional Development for Instruction-Focused Technology Personnel: Costs that are incurred as a result of acquiring knowledge and skills to support instructional technologies.

Technology training for instructional staff should be reported in 621—Instructional Improvement Programs.

631 Board of Education: Activities of the elected body that has been created according to state law and vested with responsibilities for educational activities in a given administrative unit. Some examples of services to be included here are board secretary and clerk service.

Supervision of Board of Education Services: Activities concerned with directing and managing the general operation of the Board of Education. These include the activities of the members of the Board of Education, but do not include any special activities defined in the other areas of responsibility described below. They also include any activities of the district performed in support of the school district meeting. Legal activities to interpret the laws and statutes and general liability situations are charged here, as are the activities of external auditors.

Board Secretary/Clerk Services: The activities required to perform the duties of the Secretary or Clerk of the Board of Education.

Board Treasurer Services: The activities required to perform the duties of the Treasurer of the Board of Education.

Election Services: Services rendered in connection with any schools system election, including elections of officers and bond elections.

Tax Assessment and Collection Services: Services rendered in connection with tax assessment and collection.

Staff Relations and Negotiations: Activities concerned with staff relations system wide and the responsibilities for contractual negotiations with both instructional and non-instructional personnel.

Other Board of Education Services: Board of Education services that cannot be classified under the preceding areas of responsibility.

Legal Services.

632 District Administration: Activities associated with the overall general administration of or executive responsibility for the entire school district.

641 School Administration Program: Activities concerned with directing and managing the operation of a particular school. They include the activities performed by the principal, assistant principals, and other assistants while they supervise all operations of the school, evaluate the staff members of the school, assign duties to staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the school district. These activities also include the work of clerical staff in support of the teaching and administrative duties and full-time department chairpersons.

651 Business Operations Program: Activities concerned with the fiscal operations of the school district. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing, and funds managing. Fiscal services are inclusive of supervision of fiscal services, budgeting services, payroll, internal audit and general accounting functions.

655 Central Services Program: Activities concerned with purchasing, receiving, storing, and distributing supplies, furniture, equipment and materials used in schools or school system operations.

656 Administrative Technology Services: Activities concerned with supporting the school district's information technology systems, including supporting administrative networks, maintaining administrative information systems, and processing data for administrative and managerial purposes. These activities may include expenditures for internal technology support, as well as support provided by external vendors utilizing operating funds. These activities include costs associated with administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support services, and other technology-related administrative costs.

Technology Service Supervision and Administration: Activities concerned with directing, managing, and supervising data processing services.

Systems Analysis and Planning: Activities concerned with searching for and evaluating alternatives for achieving defined objectives, based on judgment and, wherever possible, on quantitative methods. Where applicable, these activities pertain to the development of data processing procedures or application to electronic data processing equipment.

Systems Application Development: Activities concerned with the preparation of a logical sequence of operations to be performed, either manually or electronically, in solving problems or processing data. These activities also involve preparing coded instructions and data for such sequences.

Systems Operations: Activities concerned with scheduling, maintaining, and producing data. These activities include operating business machines, data preparation devices, and data processing machines.

Network Support.

Hardware Maintenance and Support.

Professional Development Costs for Administrative Technology Personnel

Other Technology Services: Activities concerned with data processing not described above.

661 Buildings – Care Program (Custodial): The programs concerned with the daily custodial needs and the utility services for all school buildings in the district. Objects of expenditure would include salaries, benefits, utilities, supplies, building insurance, and other building care costs as well as building rental and property insurance costs.

663 Maintenance – Buildings and Equipment (Non-Student-Occupied Buildings): Activities associated with the physical maintenance of buildings and equipment in the school district for non-student occupied buildings, i.e. the annual repairs, modifications, and improvements necessary to provide safe facilities and equipment. Also included are expenditures to student occupied buildings that are not allowed in 664-Maintenance-Buildings and Equipment (Student-Occupied Buildings ONLY).

664 Maintenance – Buildings and Equipment (Student Occupied Buildings – ONLY): Activities associated with the physical maintenance of buildings and equipment in student-occupied

buildings, i.e. the annual repairs, modifications, and improvements necessary to provide safe facilities and equipment for the school programs that are in compliance with Idaho Code 33-1019.

665 Maintenance – Grounds: Activities involved in maintaining and improving the land (but not the buildings). These include snow removal, landscaping, grounds and roadway maintenance, and other general grounds work.

667 Security/Safety: Activities concerned with maintaining an environment for students and staff, whether they are in transit to or from school, on a campus or an administrative facility, or participating in school-sponsored events. These include costs associated with security plan development and implementation, installation of security monitoring devices (e.g., cameras, metal detectors), security personnel (e.g., campus police, security guards), purchase of security vehicles and communication equipment, installation and monitoring of school fire alarm systems, providing school crossing guards, and related costs incurred in effort to ensure the basic safety and security of students and staff. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should not be accounted for under this function code.

681 Pupil-To-School Transportation: Activities involved in operating school buses for student transportation to and from school, between schools within the district, and for approved instructional field trips from the time the vehicle leaves the point of storage until they return to the point of storage.

682 Pupil-Activity Transportation: Activities involved in operating school buses for student transportation to approved school athletic or activity events.

683 General Transportation Program: Activities involved in maintaining school vehicles. These include repairing or replacing vehicle parts, cleaning, painting, fueling, and inspecting vehicles for safety.

691 Other Support Services Program: All other support services not classified elsewhere.

710 Food Services Program: Activities concerned with providing food to students and staff in a school or school district. This service area includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery. This is regulated and supported by the National School Lunch Program.

720 Community Services Program: Activities concerned with providing community service to students, staff, or other community participants. Examples of this function would be offering

parental training or operating a community swimming pool, a recreation program for the elderly, etc.

730 Enterprise Operations: Activities that are financed and operated in a manner similar to private business enterprises where the stated intent is to finance or recover the costs primarily through user charges. Food Services should not be charged here but rather to function 710. Private catering by food services would be charged here.

810 Capital Assets – Student-Occupied: The process of coming into ownership, control, or possession of assets intended for continued use over relatively long periods of time that qualify as repairs or maintenance to student-occupied buildings pursuant to Idaho Code 33-1019(3).

811 Capital Assets – Non-Qualifying Capital Assets (Per Idaho Code 33-1019(3)): The process of coming into ownership, control, or possession of assets intended for continued use over relatively long periods of time. The capital assets may be for both student-occupied and non-student-occupied buildings. Examples would include constructing or acquiring school plant and equipment, including building, remodeling, building additions, the initial equipment of the building or additions, and the initial acquisition of library books and research periodicals for a new school building.

911 Debt Services Program – Principal: The servicing of debt through the payment of principal.

912 Debt Services Program – Interest: The servicing of debt through the payment of interest.

913 Debt Services Program – Refunded Debt.

C. Object

100 PERSONAL SERVICES-SALARIES: The gross amount (before deductions) paid to both permanent and temporary school district employees including personnel substitutes for those in permanent positions. This includes gross salary for personal services rendered whole on the payroll of the school district.

200 PERSONAL SERVICES – EMPLOYEE BENEFITS: Amounts paid by the school district on behalf of employees (amounts not included in gross salary but in addition to that amount). Such payments are fringe benefit payments, and while not paid directly to employees, nevertheless are part of the cost of personal service and are required to be paid by law, contract, or agreement.

300 PURCHASED SERVICES: Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the

services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, and accountants. It is recommended that a separate account be established for each type of service provided to the school district.

400 SUPPLIES AND MATERIALS (NON-CAPITAL OBJECTS): Amounts paid for items of an expendable nature that are consumed, worn out, or deteriorated through use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Equipment that has a cost lower than the school district's capitalization threshold should be coded in series rather than the 500 series code.

500 CAPITAL OBJECTS: Expenditures for acquiring capital assets, including land, existing buildings, and meeting the school district's capitalization criteria that will be recorded as fixed assets or additions to fixed assets.

600 DEBT RETIREMENT: The redemption of outstanding bonds and the payment of interest accumulating on such bond obligations of the school district, and other long-term obligations of the school district.

700 INSURANCE AND JUDGMENTS: Amounts expended for all types of insurance coverage such as property, liability, and fidelity. Expenditures for any judgments against the district that are not covered by liability insurance shall also be included here.

SAMPLE INDIRECT COST RATE CALCULATION WORKSHEET

School District / Charter School:	000.0 Sample District						
	Total	Total	Net Expend.	Restricted	Restricted	Unrestricted	Unrestricted
Funds 100-600	Expenditures	Excluded Expenditures	(after exclusions)	Indirect Expenditures	Direct Expenditures	Indirect Expenditures	Direct Expenditures
512 Elementary School Program	22,976,241	633,427	22,342,814		22,342,814		22,342,814
515 Secondary School Program	16,576,838	193,094	16,383,744		16,383,744		16,383,744
517 Alternative School Program	932,010	1,451	930,559		930,559		930,559
519 Vocational-Technical Program	409,049	34,263	374,786		374,786		374,786
521 Special Education Program	7,264,977	25,961	7,239,016		7,239,016		7,239,016
522 Special Education Preschool Program	291,205	2,159	289,046		289,046		289,046
524 Gifted & Talented Program	145,403	-	145,403		145,403		145,403
531 Interscholastic Program	402,374	-	402,374		402,374		402,374
532 School Activity Program	740,949	8,441	732,508		732,508		732,508
541 Summer School Program	121,103	-	121,103		121,103		121,103
542 Adult School Program	7,577	-	7,577		7,577		7,577
546 Detention Center Program	-	-	-		-		-
611 Attendance - Guidance - Health Program	2,409,034	-	2,409,034		2,409,034		2,409,034
616 Special Education Support Services Program	1,864,761	-	1,864,761		1,864,761		1,864,761
621 Instruction Improvement Program	2,472,855	6,956	2,465,899		2,465,899		2,465,899
622 Educational Media Program	749,980	-	749,980		749,980		749,980
623 Instruction-Related Technology Program	2,371,057	942,469	1,428,588		1,428,588		1,428,588
631 Board of Education Program	48,579	-	48,579		48,579		48,579
632 District Administration Program	1,168,357	3,014	1,165,343		1,165,343	1,165,343	-
641 School Administration Program	3,939,492	-	3,939,492		3,939,492		3,939,492
651 Business Operation Program	516,775	262	516,513	516,513	-	516,513	-
655 Central Service Program	202,729	4,581	198,148	198,148	-	198,148	-
656 Administrative Technology Service	265,935	-	265,935	265,935	-	265,935	-
661 Buildings - Care Program (Custodial)	4,643,553	206,635	4,436,918		4,436,918	4,436,918	-
663 Maintenance - Non-Student Occupied	4,248	-	4,248		4,248	4,248	-
664 Maintenance - Student-Occupied Buildings	4,307,819	1,931,334	2,376,485		2,376,485	2,376,485	-
665 Maintenance - Grounds	203,039	15,339	187,700		187,700	187,700	-
667 Security Program	183,321	-	183,321		183,321	183,321	-
681 Pupil-To-School Transportation Program	2,991,374	358,641	2,632,733		2,632,733		2,632,733
682 Pupil-Activity Transportation Program	-	-	-		-		-
683 General Transportation Program	91,207	15,224	75,983		75,983		75,983
691 Other Support Services Program	12,550	-	12,550		12,550		12,550
710 Child Nutrition Program	4,941,825	2,749,750	2,192,075		2,192,075		2,192,075
720 Community Services Program	51,172	-	51,172		51,172		51,172
730 Enterprise Operations Program	-	-	-		-		-
810 Capital Assets - Student-Occupied (Qualifying Expd)	126,566	126,566	-		-		-
811 Capital Assets - Non-Student Occupied (& Student-Occupied Bldg Non-Qualifying Expd)	-	-	-		-		-
911 Debt Services Program - Principal	2,040,000	2,040,000	-		-		-
912 Debt Services Program - Interest	119,540	119,540	-		-		-
913 Debt Services Program - Refunded Debt	-	-	-		-		-
Combined Total:	85,593,494	9,419,107	76,174,387	980,596	75,193,791	9,334,611	66,839,776
Adjustments and Reclassifications:							
Terminal Leave Costs - 532 District Admin.						+\$ to this col	(\$) fr this col
Terminal Leave Costs - 651-656 Heads of Components						+\$ to this col	(\$) fr this col
Terminal Leave Costs - All Other				+\$ to this col	(\$) fr this col	+\$ to this col	(\$) fr this col
Post Retirement Health Benefits (PRIHB) (see Note below)				+\$ to this col for all other	(\$) fr this col for all other	+\$ to this col for all sources	(\$) fr this col for all sources
Sub-awards/sub-contracts exceeding \$25,000				(\$) fr this col	+\$ to this col		(\$) fr this col
Fcn 651-656 Heads of Components Costs				(\$) fr this col	+\$ to this col		
Fcn 632 Expenditures s/b Coded to Fcn 651				+\$ to this col	(\$) fr this col		
Total	85,593,494	9,419,107	76,174,387	980,596	75,193,791	9,334,611	66,839,776
Indirect Cost Rate					1.30%		13.97%
Discounted Indirect Cost Rate for July 1, 2017 - June 30, 2018 *				Restricted:	1.24%	Unrestricted:	13.27%
* Maximum Discounted Restricted Rate is 5%							

Supplementary Information Required for the 2021-2022 Indirect Cost Rate Calculation

District / Charter Number:

Prior Year Best 28-Weeks Average Daily Attendance (ADA)

Does your district/charter want an indirect cost rate for FY 2022?

- No Stop. You are done. *Do not return this worksheet to School Finance.*
 Yes Please answer Questions 1-5 below.

1. Did you make payments to separating employees for termination benefits and/or unused leave ("terminal leave costs") in FY 2020?

- No Continue to Question 2
 Yes Complete Question 1a

1a. Identify the dollar amount of "terminal leave costs" reported in the following cost functions in FY 2020 (all funds):

632 District Administration Program	\$	-	
651-656 Business Programs - Head of Components*		-	(N/A~Include with All Other Functions.)
All Other Functions		-	(Will be reclassified to indirect)
Total	\$	-	

*Only complete this line if your FY 2020 Best-28 wks ADA was greater than 5,000. Otherwise include in All Other Functions

2. Did your district/charter make payments for Post Retirement Health Benefits (PRHB) in FY 2020?

- No Continue to Question 3
 Yes Complete Question 2a

2a. Identify the dollar amount of PRHB reported in the following cost functions.

632 District Administration Program	\$	-	
651-656 Business Programs - Head of Components*		-	(N/A~Include with All Other Functions)
All Other Functions		-	(will be reclassified to indirect)
Total	\$	-	

*Only complete this line if your FY 2020 Best-28 wks ADA was greater than 5,000. Otherwise include in All Other Functions

3. Did your district/charter provide pass through funding in excess of \$25,000 in FY 2020?

- No Continue to Question 4
 Yes Complete Question 3a

3a. List the TOTAL amount of each pass through grant exceeding \$25,000.

Grant Description	Total Grant	
	\$ -	(Show the full amount of the grant.)
	-	(Show the full amount of the grant.)
	-	(Show the full amount of the grant.)
	-	(Show the full amount of the grant.)
	\$ -	(Grant dollars > \$25,000 will be reclassified to excluded)

4. Are any costs other than those directly related to the Superintendent and their office/support staff coded to Function 632 in FY 2020?

- No Continue to Question 5
 Yes Complete 4a (Identify Fcn 632 expenses that should have been coded to other than Fcn 632)

4a. Enter the dollars coded to District Administration 632 that should have been coded elsewhere:

621 Instruction Improvement Program	\$	-
631 Board of Education Program		-
641 School Administration Program		-
651-656 Business Oper, Central Serv, Admin Tech Programs		-
661-667 Buildings		-
681-683 Transportation		-
Other (identify the proper fcn code(s)):		-
Total	\$	-

5. Was your Best-28 week ADA for the prior year greater than 5,000?

- No **Stop. You are done. Please return worksheet to School Finance.**
 Yes

5a. Identify the salary and related costs of the individual employee(s) coded to 651-656 Business Operations that meet the criteria as Head of a Component (see below for more information)

Salaries	\$	-
Benefits		-
Other Operating Costs		-
Total	\$	- (will be reclassified to direct)

Head of Component Information / Example

An example of a Head of Component would be a CFO or Director of Business Operations type position that has a business manager or accountant overseeing the day to day accounting functions.

Districts/Charters believed to have a Head of Component:

001 Boise Independent	Yes
002 West Ada	Yes
003 Kuna	Possibly
025 Pocatello	Yes
091 Idaho Falls	Yes
093 Bonneville	Yes
131 Nampa	Yes
132 Caldwell	Probably
139 Vallivue	Possibly
151 Cassia County Joint	No
251 Jefferson County Joint	Possibly
271 Coeur d'Alene	Yes
273 Post Falls	Yes
321 Madison	No
411 Twin Falls	Yes

Contact Name:

Contact Number:

Please return completed worksheet to Aaron McCoy in School Finance (only if you would like an indirect cost rate).

Email: AMcCoy@sde.idaho.gov

Fax: (208) 334-2228

Mail: Department of Education, Public School Finance PO Box 83720 Boise, ID 83720-0027

Questions? Please email or call me at (208) 332-6846