

Coffeeville School District
FISCAL POLICIES AND PROCEDURES

IX. Indirect Cost Requirement

The MDE/OSE calculates the District indirect cost rate for each grant year. When preparing their grant applications, the District indirect cost amount must not exceed the percentage allowed in the State's calculation.

"Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved."

A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost. Typical indirect costs include:

- Rented or shared space or facility.
- Payment of proportionate amount for utilities.
- Payment for proportionate share for services.
- Distribution of cost pool so as to produce equitable results.

In addition, accounting, auditing, payroll, personnel, budgeting, purchasing, and operation and maintenance of plant facilities are all examples of services which typically benefit several activities and programs, and for which appropriate costs may be attributed to IDEA by means of the indirect cost allocation plan [EDGAR §76.560-76.579 and Circular A-87, Attachment A].

Indirect costs charged to the grant are determined by applying the restricted indirect cost rate (RICR) to total direct costs of the grant minus capital outlays, subgrants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement. Although, districts should calculate what their maximum indirect cost each year could be based on the full amount of their grant award, the final calculation should be based only on the amount of the expenditures incurred each year. The transfer of the indirect costs should occur on or after the expenditures have occurred.