

Indirect Cost Guide

LEA/External Users



What are Indirect Costs (IDC)?

- Costs that have been incurred for common or joint purposes
- Benefit more than one cost objective and cannot be readily identified with a particular final cost objective
- ADE shall approve an Indirect Cost Rate for each LEA that makes such a request

The IDC Data Sheet

- Utilizing the Accounting Ledger, determine cost allocation on the Indirect Cost Data Sheet (located in the GME)

Fund	Program	State Func	Object	Net Total
001	100	1000	6112	75,993,149.82
001	100	1000	6113	1,764,341.69
001	100	1000	6114	531,567.36
001	100	1000	6115	190,065.32
001	100	1000	6116	199,256.54
001	100	1000	6151	488,174.12
001	100	1000	6152	8,047.09
001	100	1000	6153	5,584.38
001	100	1000	6155	1,016.42
001	100	1000	6157	9,750.00
001	100	1000	6158	6,371.53
001	100	1000	6211	6,744,535.93
001	100	1000	6221	4,711,388.71
001	100	1000	6222	1,123,957.94
001	100	1000	6231	8,751,869.83

- This is an example of the accounting data report sent by an LEA to the Auditor General and the School Finance unit at ADE

The IDC Data Sheet

- For the current fiscal year rate, actual data from two years prior is used; for example, for a FY2019 rate, data from **FY2017** is used
- Use the IDC Guide to allocate costs appropriately
 - Please note, **it is a guide**. Circumstances may exist where certain costs are allocable as Direct or Indirect based on their nature and relation to certain programs or grants
 - If the cost can be narrowed to one specific program, typically this indicates it is a direct cost.
 - Please note, Heads of Components are included as Indirect Costs for the Unrestricted rate and Direct Costs for the Restricted rate

The IDC Data Sheet

- For costs that are difficult to classify it is important that they are treated consistently as either direct or indirect costs
- All Functions in the range/series should be placed on the corresponding row on the Data Sheet
- Please note, each rate has its own pool of costs for each category

The IDC Data Sheet

- Direct and Indirect costs should be put in the columns for both the Restricted and Unrestricted Rates
 - Example 1: If the amount for direct costs in Function 1000 for instruction is \$50,000, it would be placed under the Direct Cost column for both rates
 - Example 2: When an amount is direct for the restricted rate and indirect for the unrestricted rate, it will be listed under both calculations in the corresponding location
 - IE Costs under Operation and Maintenance of Plant
 - Examples on next slide

Examples

- Example 1

Function Definition	Function (District)	Function (Charter)	Total Costs	Excluded and/or Unallowed Costs				Used by Unrestricted Rate		Used by Restricted Rate	
			All Costs A	Food B	Capital Object C	Debt D	Other Exp E	Direct Cost	Indirect Cost	Direct Cost	Indirect Cost
Instruction	1000	1000	\$ 0.00	\$	\$	\$	\$	\$ 50,000	\$	\$ 50,000	\$
Support Serv-Students	2100-2190	2100-2190	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$

- Example 2

Function Definition	Function (District)	Function (Charter)	Total Costs	Excluded and/or Unallowed Costs				Used by Unrestricted Rate		Used by Restricted Rate	
			All Costs A	Food B	Capital Object C	Debt D	Other Exp E	Direct Cost	Indirect Cost	Direct Cost	Indirect Cost
Instruction	1000	1000	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$
Support Serv-Students	2100-2190	2100-2190	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$
Support Serv-Inst Staff	2200-2290	2200-2290	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$
Support Serv-General Admin	2300-2351	2300-2390	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$
Support Serv-School Administration	2400-2490	2400-2490	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$
Central Services	2500-2540, 2570-2590	2500-2519	\$ 0.00	\$	\$	\$	\$	\$	\$	\$	\$

Completing the Data Sheet

- To complete the Data Sheet to request your Indirect Cost Rate:
 - You must have the LEA Indirect Cost Request Update role in GME
 - The status should be LEA Indirect Cost Request Submitted in order for ADE to review your request
 - In order to ensure rates are updated in the system prior to July 1st of the upcoming fiscal year, the Data Sheet should be completed by June 1st of the current fiscal year; for example, the Data Sheet should be submitted by June 1, 2018 for rates to be updated in GME prior to July 1, 2018.

Need assistance?

Grants Management Resource Library

GME User Reference Guides > Indirect Cost

Grants Management Staff

Grants Management Hotline
602-542-3901, Option 2 for Fiscal
Processing

Grants Management Email
grants@azed.gov