

Communication Item

Indirect Costs 2023-2024

Following is general information about Indirect Costs and communication about the Indirect Cost Rates for next school year.

Definitions

Indirect Costs – these are costs of a general nature which are not readily identifiable with the activities of a grant but are still incurred for the joint benefit of those activities and other activities or programs of the school district. Examples of indirect costs are certain expenses in the areas of finance, personnel, and administration. There is a restricted indirect cost rate and a non-restricted indirect cost rate.

Restricted Rate – this rate applies to grants that are made under federal programs with the “supplement but not supplant” restriction. The funds are to be used for support *in addition to* state and local funding.

Non-Restricted Rate – this rate applies to grants that are not subject to the “supplement but not supplant” restriction, such as food service. Plant Operations and Maintenance (function 2600) is included for the calculation of the non-restricted rate.

Background

On May 12, 2022, the Spencer County Board of Education approved charging indirect costs to any future federal grant for which it is allowed.

National School Lunch Program

The National School Lunch Program allows indirect costs to be charged to the Food Service Fund and we typically do this. The options for NSLP Indirect Cost are:

1. Collect the full non-restricted indirect cost rate.
2. Collect indirect cost at a rate less than the non-restricted indirect cost rate.
3. Do not collect indirect cost from food service.

We typically choose Option 2 since the Food Service Fund cannot always absorb the full non-restricted indirect costs and this gives the option to charge a rate up to but not quite equal to the non-restricted rate.

As in the past, we have chosen Option 2 for the coming school year.

Communication

The Kentucky Department of Education recently released Spencer County’s indirect cost rates for the upcoming school year. These rates are:

Restricted Rate	2.64%
Non-Restricted Rate	12.71%

These are the maximum indirect cost rates that can be applied to federal grants next school year. Some federal grants specify the maximum indirect cost rate to use, which cannot exceed the rates shown above.