Florida Department of Education

Office of the Comptroller

Indirect Cost Plan B

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**Florida Department of Education**

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**CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE**

**PLAN B**

**GENERAL INFORMATION**

The Florida Department of Education (FDOE) has, in cooperation with the United States Department of Education (USDOE) and representatives from school districts, developed an indirect cost plan for the local educational agencies (LEAs) in Florida. Applications for grants usually involve a request for reimbursement of both direct and indirect costs. The Office of Management and Budget (OMB) Uniform Grant Guidance (UGG), Title 34 Parts 75 & 76, 2CFR 200 and the Education Department General Administrative Regulations (EDGAR), contains provisions for determining indirect cost rates for grantees and subgrantees of federal grants. The indirect cost rate process in Florida is based on the FDOE's federally approved indirect cost plan for LEAs which are the Florida school districts. Florida’s plan includes specifics on indirect cost components, including indirect costs, base costs, and the carry-forward adjustment. USDOE has approved the fixed-with-carry-forward restricted and unrestricted rate methodology for calculating indirect cost rates for Florida LEAs. FDOE is the delegated authority to approve indirect cost rates annually for LEAs. The approved indirect cost rate provides LEAs with a standardized way to recover indirect costs from federal programs without having to time-account for the general administrative support provided to each program.

The advantage of an indirect cost proposal and rate is to simplify the process of determining the fair share of indirect costs for federal grants that is acceptable to federal grantor agencies. An indirect cost rate is a reasonable calculation for the percentage of allowable general administrative expense that each federal grant should bear. Generally, an indirect cost rate is the ratio of total indirect costs to total direct costs, based on the LEA's actual expenditures, excluding any extraordinary or distorting expenditures such as capital outlay and subagreements (2 CFR 200.1 MTDC). Expenditures for the second preceding fiscal year are used when completing the Indirect Cost Proposals for a given fiscal year. For example, expenditures for Fiscal Year 2022-2023 will be used to complete the Indirect Cost Proposals for Fiscal Year 2024-2025.

Costs of a LEA can be categorized as direct or indirect (2 CFR 200.413 & 200.414). A cost's related activity (e.g., instruction, school administration, pupil transportation, fiscal services) rather than its type (e.g., salaries, benefits, books, supplies) is what determines a direct or indirect cost. Although direct costs can be identified with a particular instruction or instruction-related grant, contract, or function (activity), indirect costs are more global in nature.

Indirect costs are those costs of general management that are agency wide. General management costs consist of expenditures for administrative activities necessary for the general operation of the LEA (e.g., accounting, budgeting, payroll preparation, personnel management, purchasing, and centralized data processing). The standardized method for distributing these indirect costs to programs is referred to as the indirect cost rate.

Local educational agencies are not required to develop an indirect cost proposal; however, if LEAs fail to do so, they will not be allowed to recover any indirect costs related to federal grants. To recover any indirect costs for the administration of federal grants, a LEA must have an approved indirect cost rate.

**TYPE OF PLAN AND RATE: RESTRICTED & UNRESTRICTED**

The following Indirect Cost Plan is approved by the U.S. Department of Education and available for use by the Florida school districts:

1. Restricted rates apply to grants that are made under federal programs with supplement and in no case supplant requirements (34 CFR 75.563 & 76.563). 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 Florida Department of Education are of the "Restricted" type.

2. Restricted grants include only indirect costs of administrative and fixed charges as defined (34 CFR 76.564 - 76.569).

1. 5P-1.003(k), DACS, limits the amount of funds recovered annually for food service indirect costs to the district's approved restricted federal indirect cost rate, multiplied by the total Food Service Fund expenditures less expenditures for capital outlay, replacement of equipment, and United States Department of Agriculture donated foods; and cash-in-lieu of donated foods.
2. Unrestricted indirect cost rates may be calculated for use under programs without limitations on indirect costs. Most federal education programs have a statutary requirement prohibiting the use of federal funds to supplant non-federal funds. These programs require using the restricted indirect cost rate. Appendix A provides an sample listing of federal awards that are limited to the use of a restricted indirect cost rate[[1]](#footnote-1). If you have federal awards that are not listed in appendix A, please consult with the FDOE, Bureau of the Chief Comptroller prior to using an unrestricted indirect cost rate.

**FINANCIAL REPORTS AND RECORDS REQUIRED TO COMPLETE INDIRECT COST PROPOSAL**

The sources of information utilized to determine indirect cost rates are the LEA's official Annual Financial Report and the detail accounts within that report. Therefore, local educational agencies must classify expenditures to ensure uniformity and consistency. 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 occurred and records supporting these expenditures must be maintained by the LEA. The financial reports required to complete the indirect cost proposal are:

1. The ANNUAL FINANCIAL REPORT (ESE 348) Statement of Revenues, Expenditures and Changes in Fund Balance as indicated below:

General Fund……... ………. Exhibit K-1, DOE Page 1 and 2

Special Revenue Funds - Food Service……... ………. Exhibit K-2, DOE Page 5

Special Revenue Funds – Other & Miscellaneous……. Exhibits K-3 DOE Page 7 & K-4 DOE Pages 9, 10,11 and 12

1. Other financial records or reports necessary to document the classification of certain expenditures classified as indirect or excluded costs. (See SUPPLEMENTAL DATA.)

**SUPPLEMENTAL DATA**

1. General Statement

The classification of expenditures must be in conformance with the *Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book)*. Failure to comply with the classification of expenditures as required in the Red Book may result in Single Audit questioned costs related to indirect cost recovery. In addition, Schedule A must reconcile with the District's Annual Financial Report (AFR) for the appropriate fiscal year.

2. Additional Documentation - Indirect Costs

Detail records are required to support any indirect costs attributed to functions 7100 or 7200 (General Administration) as defined in the Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book). These records should contain a detailed analysis of costs classified as indirect and justification or explanation to support the analysis. Failure to provide adequate documentation may result in Single Audit questioned costs related to indirect cost recovery. Given compliance with item number 1 above, all expenditures recorded in functions 6500 (Instructional Related Technology), 7500 (Fiscal Services), 7700 (Central Service) and 8200 (Administrative Technology Services) do not require additional documentation in support of classification as indirect costs.[[2]](#footnote-2)

3. Additional Documentation - Excluded Costs

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

4. Employment separation costs. Some costs relating to employees’ separation from service may have restrictions.

Normal separation costs are unallowable as direct costs to federal programs. If unallowable as direct costs, they are allowable as indirect costs. Normal separation costs that are unallowable as direct costs to a restricted program are charged to the same goal and function as the employee's regular salary, but they are charged to an unrestricted resource. The LEA may then provide supplemental data to include these costs in the indirect cost pool.1

Mass separation costs, such as retirement incentives or contract buyouts, are unallowable either as direct costs or indirect costs to federal programs. Abnormal or mass separation costs that are unallowable as direct costs to a restricted program are charged to the same goal and function as the employee’s regular salary, but they are charged to an unrestricted resource. Where an LEA has incurred abnormal or mass separation costs for employees charged to the indirect cost pool, the LEA must provide supplemental data to exclude these costs from the pool. Mass severance pay may be considered on a case-by-case basis by the cognizant federal agency.

**COMPONENTS OF THE INDIRECT COST RATE CALCULATION**

In simple terms, an indirect cost rate is determined by dividing an LEA's indirect costs by the majority of its other expenditures or base costs. Compliance with federal indirect cost guidelines requires that specific rules must be followed when categorizing expenditures as indirect or base costs. For Florida, the majority of these rules are built into the function code within the standardized account code structure.

2 CFR 200 requires that all expenditures of a district be included in the preparation of an indirect cost plan. These costs are derived from the general fund, the special revenue funds, and any other applicable funds for the administration of the district. An LEA's general ledger data, in combination with a minimal amount of supplemental data, are used to categorize the LEA's expenditures as indirect costs, base costs, or excluded costs. The indirect costs become the numerator of the calculation and the base costs are the denominator. Certain costs, such as debt service and facility construction, are excluded entirely from the calculation.

As noted above, the proposal is based on total expenditures of all General Fund and Special Revenue Funds and can be traced to those accounts of record that support these amounts. A reconciliation to total district's expenditures should be completed on Schedule A & C as part of the LEA rate determination. Schedule A & C are Special Expenditure reports, combining General Fund and Special Revenue Funds, using the same basic format as appears on the District's Statement of Revenues, Expenditures and Changes in Fund Balance of the Annual Financial Report for the immediate prior year. Note that certain costs are to be excluded: Object 740 (Judgments, Fines and Penalties), Transfers, Debt Service, Capital Outlay, Subagreements[[3]](#footnote-3), and Function 7600 (Food Services), Object 500.

**NUMERATOR OF THE CALCULATION**

The numerator of the indirect cost rate calculation — the indirect cost pool — is the cornerstone of the calculation. Costs in the pool come from the general fund. There are two major components to the numerator: indirect costs and the carry-forward adjustment.

Indirect costs consist of agency wide expenditures for general management (administrative) activities that are not readily identifiable with a particular program but are necessary for the overall operation of the LEA (e.g., accounting, budgeting, payroll preparation, personnel management, purchasing, warehousing, centralized data processing).[[4]](#footnote-4)

The carry-forward adjustment is an after-the-fact correction for the difference between the indirect cost rate approved for use in a given year and the actual percentage (amount) of indirect costs incurred in that year. The carry-forward adjustment eliminates the need for LEAs to file amended federal reports when their actual indirect costs vary from estimated indirect costs.

**DENOMINATOR OF THE CALCULATION**

Once indirect costs have been identified, ,direct costs are determined. Modified Total Direct Cost (MTDC) as defined in 2 CFR 200.1, means all direct salaries and wages applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

The superintendent, the superintendent’s secretary, and expenses related directly to the operation of the superintendent’s immediate offices, specifically, are not included in indirect costs and are considered, for restricted rate only computation purposes, to be direct costs. An individual principal, a principal’s secretary, and the expenses related to the operation of these immediate offices are not included in indirect costs but are considered to be direct costs for restricted rate only computation purposes.

**SUBAGREEMENT FOR SERVICES5**

Subagreements for services (which include subawards) are indicated when a part or all of an instructional or support activity for which the LEA is responsible is conducted by a third party rather than by the LEA. The LEA's responsibility for the activity may originate from any grant, award, or entitlement.

Federal cost principles require that subagreements be excluded from the indirect cost rate calculation and from eligible program costs on which indirect costs are charged. The rationale for this is to prevent indirect costs from being charged twice against the same program expenditures, once by the original grant recipient and again by the subrecipient. Additional rationale for this approach is that subcontracted expenditures generally do not generate or benefit from indirect costs to the same extent as other expenditures.

The U.S. Department of Education has approved the following methodology to satisfy federal cost principles for subagreements. Regardless of the fund, all expenditures in Object 31x (Professional/Technical Services) in Functions 5xxx & 7800 (Instruction & Pupil Transportation) are treated as excluded costs. The only exception is the Charter Schools’ expenditures which are ***not*** treated as excluded costs but remain as base costs (the denominator). The application of the indirect cost rate would only be limited to allowable expenditures.  The rate will not be assessed to the excluded contracts in Object 31x in Functions 5xxx & 7800.

5See also 2 CFR 200.1 Subaward and 200.331 Subrecipient and Contractor Determinations.

**CALCULATING THE RATE**

The actual calculation of the indirect cost rate includes components from both the recently approved annual financial report plus the approved financial report from two years prior. The rate based on these data will then be used in the second subsequent fiscal year (two years after the current period). This span of time is characteristic of the fixed-with-carry-forward type of rate calculation.

The following example uses 2024-25 as the current reporting period and illustrates the fiscal years affected by the indirect cost rate calculation. In 2024-25, indirect costs are charged to programs using an indirect cost rate that was calculated and approved based on 2022-23 data. Any difference between the indirect costs that theoretically could be charged to programs in 2024-25 based on this approved rate and the actual indirect costs incurred in that year (i.e., the theoretical over or under recovery of indirect costs) is called a carry-forward adjustment. Note that this adjustment compares what theoretically could be charged based on the approved rate, not what was actually charged. Then, based on the actual indirect costs and base costs incurred in 2024-25 and the carry-forward adjustment, a new indirect cost rate will be calculated for use in 2026-27.

**PERIOD FOR WHICH RATES ARE APPLICABLE**

An indirect cost rate certification issued by the Florida Department of Education is established for a specific state fiscal year. The rate is valid from July 1 through June 30 of applicable fiscal year of approval. To recover indirect costs, the LEA applies the indirect cost rate in effect for a given fiscal year to the allowable grant expenditures during that fiscal year. Indirect cost rates approved for Fiscal Year 2024-2025 apply to all disbursements made within that fiscal year that are eligible for reimbursement of indirect cost.

**ADDITIONAL INFORMATION**

1. The organizational chart which accompanies the proposal should be reasonably current.

2. All employee benefits including Worker's Compensation (W/C) and Unemployment Compensation must be charged to the same function as salaries. For those districts that do not charge Worker's Compensation to the same function as salary, it will be necessary to prorate the total W/C cost into the ratio of direct and indirect. Only that portion relating to indirect salaries will be allowed as indirect.

1. Judgments, fines, interest, and penalties should be considered as exclusions, not as indirect.

**GENERAL GUIDELINES FOR CLAIMING INDIRECT COSTS**

LEA indirect cost rates may be used, as appropriate, to budget, allocate, and recover indirect costs for federal programs, grants, and other assistance governed by the 2 CFR 200, Title 34 Parts 75 & 76, and EDGAR. Although the specifics for charging indirect costs may vary by program, the following are general guidelines for using the indirect cost rate:

* **Budgeting.** An estimate of indirect costs may be used for budgeting purposes, but the claiming of indirect costs must be done using the approved rate and actual program expenditures. If a program has a set award amount, budget indirect costs that will fit within the award amount rather than add them to the award amount. To accomplish this, and assuming that none of the award amount will be spent on costs that do not qualify for indirect costs, divide the award amount by 1.xx, where xx equals the decimal equivalent of the approved indirect cost rate. Then, subtract the result from the original award amount to arrive at the amount of budgeted indirect costs. For example, using 8 percent as the approved rate and $10,000 as the award amount, divide $10,000 by 1.08, equaling $9,259.26, and then subtract $9,259.26 from $10,000, equaling $740.74, which is the amount that may be budgeted for indirect costs ($9,259.26 + $740.74 = $10,000).
* **Amount of Indirect Costs to Charge.** The maximum amount of indirect costs that may be charged in a year to an award is determined by multiplying the indirect cost rate by the total direct costs of the award less any excluded costs, such as subagreements for services, capital outlay, and other distorting or unallowable costs.

LEAs have the option of charging less than the approved rate when recovering indirect costs. However, whether the approved rate or a lesser rate is used, the fixed-with-carry-forward adjustment is calculated using the LEA's approved rate.

* **Program Limitations on Charging Indirect Costs.** The indirect cost rate provides a starting point for charging indirect costs to a program. Funding applications or award letters should be consulted to determine whether programs limit or prohibit the claiming of indirect costs. Some of the more common limitations include:

1. Limiting the indirect cost rate to the lesser of the LEA's approved rate or a predetermined capped rate
2. Having an "administrative cap" that limits a combination of direct administrative costs and indirect costs
3. Not allowing indirect costs (i.e., requiring that the entire award amount be spent on direct costs)
4. **Administrative Cost Caps.** Indirect costs are usually a subset of the broader category of administrative costs. A program that has an administrative cost cap should be reviewed to determine whether the cap encompasses both direct administrative costs (e.g., salaries of program administrators, costs of program monitoring and preparing program plans) and indirect costs (e.g., personnel/human resources, accounting, and procurement).
5. * **Multiple-Year Awards.** For program awards that cover more than one year, a single rate may not be used to recover indirect costs for the entire award; the indirect cost rate must be the rate approved for each year.
   * **Qualifying Funds.** The indirect cost rate is appropriate for use with only those operating funds and costs that are part of the calculation. Costs in objects that are excluded from the calculation of the rate (e.g., subagreements for services, capital outlay,) and in funds not included in the calculation should not have indirect costs charged against them.

**SUBMITTING THE INDIRECT COST PROPOSAL**

LEA indirect cost rates are submitted annually to FDOE. The completed application will consist of the original and one copy of the signed certification, the original of schedules A, B, C, & D, an electronic copy of schedules A, B, C, & D, an organizational chart, portions of the financial statement used in preparing the plan, breakdowns of unused leave charged as indirect cost and other supporting documentation that would enhance and expedite the approval of the proposal. The completed application should be forwarded to the Florida Department of Education, Bureau of the Comptroller, 325 West Gaines Street, Room 914, Tallahassee, Florida 32399-0400. The electronic copy of schedules A, B, C, & D should be emailed to Dwayne.Gordon1@fldoe.org. All plans must be received in this office on or before March 31, 2024, for the rate to become effective July 1, 2024. Plans received after 5:00 p.m. June 30, 2024, will be effective the month following the receipt date.

**DEFINITIONS**

**Administrative costs** - Any costs, indirect or direct, that are administrative in nature and support the management of a program. Costs of program administration may encompass both direct costs (e.g., salaries of program administrators, costs of program monitoring and preparing program plans) and indirect costs (e.g., personnel/human resources, accounting, and procurement).

**Approved rate** - Same as indirect cost rate.

**Base costs** - Pool of direct costs from the general and special revenue funds, minus any cost categories considered one-time or distorting in nature, such as subagreements for services, major equipment purchases, facility construction, debt service, and transfers to other agencies.

**Carry-forward adjustment** - An adjustment used in calculating the indirect cost rate where the difference between the estimated indirect costs and the actual indirect costs is "carried forward." The adjustment takes into account: (1) the LEA's approved indirect cost rate for the year; (2) the original carry-forward amount used to calculate that rate; and (3) that year's estimated indirect costs (i.e., base costs times the approved rate).

**Consistent cost treatment** - So that programs are not charged for similar services as both a direct cost and an indirect cost, costs incurred for the same purpose in like circumstances should be treated as only direct or only indirect.

**Direct costs** -Costs identified with a specific goal or objective. These costs may be charged directly to grants. In education, cost objectives are generally the instructional programs and services provided by the agency.

**Excluded costs** - Certain items of costs are classified in 2 CFR 200 to be one-time, extraordinary or distorting in nature and are excluded from the computation of the indirect cost rate. Excluded costs in this category include subagreements for services, capital outlay (sites, improvement of sites, buildings, improvement of buildings, new or major expansions of school libraries, capitalized equipment), tuition, transfers to other agencies, debt service, financing uses, internal funds, food service, food supplies, equipment, and indirect cost charged against federal projects. For formula computational purposes, these costs are excluded from the rate computation.

**Fixed-with-carry-forward** - For Florida LEAs, the restricted indirect cost rate is computed and "fixed" for a specific period on the basis of an estimate of that period's level of operations. Once the actual costs of that period are known, the difference between the estimated and actual indirect costs is "carried forward" as an adjustment to the new calculation. Also see definition for carry-forward adjustment.

**Indirect cost percentage** - A percentage derived by dividing the current period's indirect costs by the base costs.

**Indirect cost pool** -The indirect costs of the agency spent in support of indirect cost activities (i.e., general administration offices).

**Indirect cost rate** - An allocation technique used to distribute indirect costs. The indirect cost rate is the ratio (expressed as a percentage) of the adjusted indirect costs to the direct base costs. For Florida LEAs, the indirect cost rate represents a fixed-with-carry-forward indirect cost rate used to recover indirect costs.

**Indirect costs** - Agency wide general management costs not readily identifiable with a particular program but necessary for the overall operation of the agency (e.g., costs of accounting, budgeting, payroll preparation, personnel management, purchasing, warehousing, and centralized data processing).

**2 CFR 200** –Title 2 – Grants and Agreements, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**Restricted rate** – an indirect cost rate that’s applied to grants that are made under federal programs with supplement and in no case supplant requirements.

**Unallowed Costs** – 2 CFR 200 classified certain items of cost as unallowed which means that the federal funds cannot be used for these purposes. These are costs directly attributable to governance. For formula computational purposes, these costs are combined with direct cost (2 CFR 200.420- 200.475).

**Unrestricted rate** – an indirect cost rate that’s applied to grants that allow an unrestricted rate.

**Appendix A**

Federal awards that have supplement, not supplant statutory requirements are limited to the use of a restricted indirect rate. The following federal awards are examples of those that are limited to a restricted indirect rate:

|  |  |  |
| --- | --- | --- |
| **Federal Award** | **Program** | **Supplement, Not Supplant** |
| Adult Education  & Family Literacy Act  (AEFLA) | Basic Grants to  States | Funds made available for adult education and literacy activities must be used to supplement, not supplant other State or local public funds expended for adult education and literacy activities.  (Section 241(a) of the AEFLA). |
| Section 1003(g) of the Elementary and Secondary Education Act  (ESEA) | School Improvement Grants | SIG funds must be used to supplement, not supplant, State and local funds. (Sections 114(a)(2)(B) and 1120A(b) of the ESEA).3 |
| Title I, Part A of the Elementary and Secondary Education Act (ESEA) | Agencies | Federal funds received under Title I, Part A only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds. (1120A (b) of the ESEA).  A school participating in a school wide program shall use funds available to carry out this section only to supplement the amount of funds that would, in the absence of funds under this part, be made available from non-Federal sources for the school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. (1114 (a) (2) (B) of the ESEA). |
| ESEA, Title I,  Part C | Migrant Education, State Grant Program | MEP funds may be used only to supplement the level of funds that would, in the absence of MEP funds, be made available from non-Federal sources for the education of students participating in MEP projects. SEAs and LEAs may not use MEP funds to supplant non-Federal funds. |
| ESEA, Title I,  Part D | Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent, or At-Risk | Federal funds used to provided Title I, Part D services must supplement, not supplant, those services that would, in the absence of these funds, be provided to children participating in the regular school education program. However, these funds may be used to increase the total number of hours of instruction in any subject area that students receive with State or local funds. (Section 1415(b) of the ESEA). |
| ESEA, Title I,  Part F | Comprehensive School Reform | Funds made available under this program shall be used to supplement, not supplant, any other Federal, State, or local funds that would otherwise be available to carry out the activities assisted under this program. (Section 1604(f) of the ESEA). |
| ESEA, Title II,  Part A | Improving Teacher Quality State Grants | Federal funds awarded under this program must be used to supplement, not supplant, any non-Federal funds that would otherwise be used for authorized *Title II, Part A* activities. (2123 (b) and 2113 (f) of the ESEA). |
| ESEA, Title II,  Part B | Mathematics and Science Partnerships (MSP) | Federal funds awarded under this program must be used to supplement, not supplant, any non-Federal funds that would otherwise be used for authorized *Title II, Part B* activities. (2202 (a) (4) of the ESEA). |
| ESEA, Title II,  Part D | Education Technology State Grants (Enhancing Education through Technology Program) | Federal funds received under this program must supplement, not supplant, State and local funds. (Section 2413 (b) (6) of the ESEA). |
| **Federal Award** | **Program** | **Supplement, Not Supplant** |
| ESEA, Title III,  Part A | English Language Acquisition Grants | Federal funds made available under these grants shall be used to supplement the level of Federal, State, and local public funds that, in the absence of such availability, would have been expended for programs for limited English proficient children and immigrant children and youth and in no case to supplant such Federal, State, and local public funds. (Section 3115 (g) of the ESEA). |
| ESEA, Title IV,  Part A, Subpart 1 | Safe and Drug-Free Schools and Communities- State Grants | Federal funds awarded under this program must be used only to supplement the level of State, local, and other non-Federal funds and not to replace funds that would have been available to conduct activities if SDFSCA funds had not been available. (Section 4113 (a) (8) of the SDFSCA). |
| ESEA, Title IV,  Part B | 21st Century Community Learning Centers | Federal funds appropriated under this program will be used to supplement, not supplant, other Federal, State, and local public funds. (4203 (a) (9) of the ESEA). |
| ESEA, Title V,  Part A | State Grants for Innovative Programs | Funds made available under this part shall be used to supplement, not supplant, any other Federal, State, or local education funds. (Section 5144 of the ESEA). |
| ESEA, Title VI,  Part B, Subpart 2 | Rural Education | Funds made available under this subpart must be used to supplement, not supplant, any other Federal, State, or local education funds. (Section 6232 of the ESEA). |
| Carl D. Perkins Career and Technical Education Act of 2006, Title I (Perkins IV) | Basic Grants to States | Federal funds for career and technical education activities that supplement, not supplant, non-Federal funds expended to carry out career and technical education activities and tech-prep activities (Section 311 (a) of Perkins IV). |
| Individuals with Disabilities in Education Act (IDEA), Part B and IDEA, Preschool | Special Education – Grants to States Special Education Preschool Grants | Federal funds provided under IDEA, Part B to LEAs shall be used to supplement State, local, and other Federal funds and not to supplant such funds. (Section 613 (a) (2) (A) (ii) of the IDEA). |
| IDEA, Part C | Special Education – Grants for Infants and Families | Federal funds made available under this part will be used to supplement the level of State and local funds expended for children eligible under this part and their families and in no case to supplant those State and local funds.    To meet the supplement, not supplant requirement, you must also meet the MOE requirement. Thus, in order to satisfy the supplanting provision, the total amount of State and local funds budgeted for expenditures in the current fiscal year for early intervention services for children eligible under Part C and their families must be at least equal to the total amount of State and local funds actually expended for early intervention services for these children and their families in the most recent preceding fiscal year for which the information is available. Allowance may be made for: (a) decreases in the number of children who are eligible to receive early intervention services under this part; and (b) unusually large amounts of funds expended for such long-term purposes as the acquisition of equipment and the construction of facilities.    (Section 637 (b) (5) (B) of the IDEA and 34 CFR Section 303.124). |
| Title I of the Education Jobs Fund (Public Law No. 111-226) | Education Jobs Funds (Ed Jobs) | Funds received under the Ed Jobs program, directly or indirectly, cannot be used to supplant State funds in a manner that has the effect of the establishing, restoring, or supplementing a rainy-day fund, or to supplant State funds in a manner that has the effect of reducing or retiring debt obligations incurred by the State.  (Sections 101 (b) (B)-(C)). |

The following are examples of federal awards that are limited to the use of a restricted indirect rate per Florida Administrative Code:

|  |  |  |
| --- | --- | --- |
| **Federal Award** | **Program** | **FL Administrative Code** |
| Richard B. Russell National School Lunch Act | National School Lunch Program (NSLP) | **5P-1.003 Responsibilities for the School Food Service Program.**  (k) To limit the amount of funds recovered annually for food service indirect costs to the district’s approved restricted federal indirect cost rate, multiplied by the total Food Service Fund expenditures less expenditures for capital outlay, replacement of equipment, and United States Department of Agriculture donated foods; and cash-in-lieu of donated foods. |
| Child Nutrition Act | School Breakfast Program | **5P-1.003 Responsibilities for the School Food Service Program.**  (k) To limit the amount of funds recovered annually for food service indirect costs to the district’s approved restricted federal indirect cost rate, multiplied by the total Food Service Fund expenditures less expenditures for capital outlay, replacement of equipment, and United States Department of Agriculture donated foods; and cash-in-lieu of donated foods. |

**Appendix B**

Indirect Cost Matrix

<https://floridadoe-my.sharepoint.com/personal/ronda_pearson_fldoe_org/Documents/Documents/ADA%20Compliant%20Procedures/0069762-planbdevelopingindirectcost.xlsx>

1. Cost Allocation Guide and Local Governments, at p., U.S. Department of Education (September 2019).  Available online at:  <https://www2.ed.gov/about/offices/list/ocfo/fipao/costallocationguide92019.pdf> [↑](#footnote-ref-1)
2. Pursuant to 34 CFR 76.565(c) and Uniform Grant Guidance (UGG) 75.444 (a)(2), Costs of the school board, superintendent, and immediate officers (including their assistants) are direct costs. [↑](#footnote-ref-2)
3. All Object 31x expenditures in Functions 5xxx & 7800 (except Charter Schools) are excluded in the calculation. Expenditures for Charter Schools are treated as base costs. [↑](#footnote-ref-3)
4. Pursuant to 34 CFR 76.565(c) and Uniform Grant Guidance (UGG) 75.444 (a)(2), Costs of the school board, superintendent, and immediate officers (including their assistants) are direct costs. [↑](#footnote-ref-4)