

Indirect Cost Rate for SAHE Grants

Query – 02.10.2010

Query: I've been operating under the "rule" that indirect costs for our Title II grants should be less than 9% for the universities , and that our public school partners do not qualify for indirects . I've pulled up the guidance and don't see that, but I'm certain it came from somewhere. Can you help me?	
From: Arizona	
Responses:	
USDOE	<p>I think the "rule" your members have been working under is incorrect.</p> <p>First, the Title II-A statute contains no prohibition on a Title II-A recipient's charging of program funds for indirect costs. However, because a supplement, not supplant requirement applies to the use of any Title II-A funds, whether obligated by the SEA, SAHE, LEA, or IHE-LEA partnership, section 76.564 of EDGAR requires that the recipient calculate the amount of Title II-A program funds charged for indirect costs using a "restricted indirect cost rate". Paragraph (c) of section 765.564 further provides that a subgrantee of a State or local government, i.e., a Title II-A IHE-LEA subgrantee of a SAHE, may use its restrictive rate or 8%, whichever is less.</p> <p>Beyond this, I don't understand how "public school partners" can get an indirect cost rate (or charge indirect costs), as those school partners (as opposed to the LEAs that administer them) do not have costs.</p> <p>Further information from the Department is available through the indirect cost group of ED's Office of the Chief Financial Manager: Contact: Katrina McDonald, e-mail address: katrina.mcdonald@ed.gov Website: http://www.ed.gov/about/offices/list/ocfo/fipao/icgindex.html</p>
SHEEO	<p>Our USDOE contacts agreed with my interpretation of this to mean:</p> <ol style="list-style-type: none">1) an 8% "restricted indirect cost rate" would work as a rule of thumb for universities or school districts;2) no indirect costs can be charged to public school partners.