

ILLINOIS STATE BOARD OF EDUCATION

**INDIRECT COST PROPOSAL FOR
FEDERAL GRANTS AND CONTRACTS**

Organization: Illinois State Board of Education
School Business Services Department

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INTRODUCTION

The Illinois State Board of Education (ISBE) has, in cooperation with the U.S. Department of Education (ED), developed an indirect cost proposal to be used by Local Education Agencies (LEAs) in the state. ISBE has been delegated authority by ED to review and approve indirect cost rates for LEAs. An LEA must have an approved indirect cost rate to recover indirect costs on federal awards. A new indirect cost rate must be obtained for every fiscal year beginning with federal programs for fiscal year 2022. The classification of expenditures will conform to the function and object codes used in the Chart of Accounts as identified and defined in Title 23 – Illinois Administrative Code, Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing).

Applications for federally funded grants and contracts may involve a request for reimbursement of both direct and indirect costs. Indirect costs are those costs that are not readily identifiable with the activities of the grant or contract but are nevertheless incurred for the joint benefit of those activities and other activities and programs of the organization. Accounting, payroll, personnel, budgeting, and purchasing are examples of services that typically benefit several activities and programs and for which costs may be attributed by means of an indirect cost plan.

The Federal Office of Management and Budget (OMB) Uniform Guidance provides that federally assisted programs shall bear, in addition to direct costs, their fair share of indirect costs except where authorizing legislation explicitly restricts reimbursement of such costs. OMB Uniform Guidance also establishes uniform principles for determining and distributing costs of federal grants and contracts and this is the basis for development of indirect cost plans.

This Indirect Cost Agreement is effective July 1, 2022, through June 30, 2026. The previous agreement for July 1, 2017, through June 30, 2021, was extended one year to include July 1, 2021, through June 30, 2022.

INDIRECT COST RATE INFORMATION

An indirect cost rate is a means of determining, in a reasonable manner, the percentage of allowable general management costs that benefit each federal program or activity. Indirect costs are generally administrative costs, such as the salaries and expenses for staff engaged in organization-wide (general) activities.

Indirect costs are recovered only to the extent of direct costs incurred. Once a rate is approved, it is applied to the net direct costs expended (i.e., total direct costs less non-applicable costs). The approved rate is the maximum rate that can be applied, although less than the maximum rate may be used. Federal law or grant conditions may limit the amount of indirect costs or the indirect cost rate. For example, if a district has a restricted rate of 5 percent and the program legislation allows only a 3 percent rate of recovery, then it can recover only indirect costs equal to 3 percent of the appropriate base. Grant terms and conditions may also exist for some grants that prohibit any recovery of indirect costs. Recovery of indirect costs on grants is subject to the availability of funds.

LEAs must annually supply data for the indirect cost rate computations to be performed by ISBE. Each LEA must submit the "Financial Data to Assist Indirect Cost Rate Determination," a supplementary schedule in the Annual Financial Report (ISBE Form 50-35). This supplementary schedule subdivides certain expenditure account detail so that the respective expenditures may be classified as excluded, direct, or indirect costs. Indirect cost rates are then computed from the expenditure classifications provided on the supplementary schedule pertaining to indirect cost data.

ISBE will approve indirect cost rates only for those LEAs that have provided all necessary data needed to determine appropriate cost pools for the purpose of computing the indirect cost rates. The indirect cost rate approval shall provide rates that apply to one year only. These computed indirect cost rates are disseminated to the respective LEAs via an [ISBE webpage](#).

ISBE reserves the right to negotiate a separate indirect cost plan with one or all of the school districts that have an enrollment of 10,000 or more and other LEAs that have organized as separate governmental entities. The applicable restricted and unrestricted indirect cost rates for such LEAs are as follows:

Indirect Cost Rate Calculation Process for LEA-Type Entities:

- Newly organized LEAs utilize the statewide average indirect rate for their first year of operation.
- Regional Offices of Education, Intermediate Service Centers, area vocational centers, charter schools, university laboratory schools, and governmental entities formed by a joint agreement that operate K-12 educational centers utilize the statewide average indirect rate or may negotiate an indirect cost rate.
- LEAs that jointly administer federal program(s) utilize the approved indirect cost rate for the administrative district of the joint program.

Indirect Cost Rate Calculation Process for Non-LEA Organizations:

- Programs eligible for an unrestricted indirect cost rate; not-for-profit entities; community-/faith-based organizations; and other non-LEA, non-university subgrantees utilize rates negotiated through the Governor's Office of Management and Budget centralized process in which they will have the option to:
 - Select the 10 percent de minimis rate.
 - Submit documentation supporting a rate determined through negotiation with their federal cognizant agency.

- Negotiate a rate as long as the calculation of the indirect rate follows the Uniform Guidance.
- Federal programs requiring the use of a restricted indirect cost rate, not-for-profit entities, community-/faith-based organizations, and other non-LEA subgrantees shall utilize the 8 percent default rate described at 34 CFR 76.564.
- Colleges and universities will be restricted to a maximum indirect cost rate of 8 percent or other indirect cost rate calculated by their cognizant federal agency, whichever is less, for federal grants administered by ISBE.

LEAs that wish to employ a more sophisticated methodology for identifying and distributing allowable costs under the Medicaid Outreach Administrative Services program may develop a comprehensive cost allocation plan. Such a comprehensive cost allocation plan must be developed in accordance with OMB Uniform Guidance and must be submitted to the Illinois Department of Healthcare and Family Services, which is designated as the cognizant review agency for the Medicaid Outreach Administration Services program, for review and approval.

Contributions to pension plans by LEAs from federal funds are equitable to contributions from state funds.

APPROVAL PROCESS

An indirect cost rate approval is issued by ISBE for each specific fiscal year. The rate is valid from July 1 to June 30 of the applicable fiscal year. Indirect costs are recovered only to the extent of direct costs incurred. The indirect cost rate is applied to the direct cost amount expended, not to the grant award.

The sources of information utilized to determine indirect cost rates are the school district's audited Annual Financial Reports (AFRs) and the detail accounts. Therefore, it is essential that LEAs classify expenditures uniformly and consistently. Types of expenditures that are identified as indirect costs shall not be included as direct costs. All expenditures detailed on the AFR must have been incurred, and records supporting the costs must be maintained by the LEA. Once AFRs are filed and indirect cost rates are calculated and approved by ISBE, the LEA indirect cost rates are posted annually on an agency webpage.

CLASSIFICATION OF COSTS

Direct Costs

Direct costs are those that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally assigned. Typical direct costs chargeable to a grant include, but are not limited to:

- Compensation of employees for the time devoted and identified specifically to the performance of those programs.
- Cost of materials acquired, consumed, or expended specifically for the purpose of those programs.

- Travel expenses incurred specifically to carry out those programs.

Indirect Costs

Indirect costs are those not readily identifiable with the activities of the grant but incurred for the joint benefit of those activities and other activities of the organization. In accordance with OMB Uniform Guidance, indirect costs are:

- Incurred for a common or joint purpose benefiting more than one cost objective, and
- Not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved.

A cost may not be allocated to a federal program as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a federal program as a direct cost. Typical examples of indirect costs may include procurement, payroll, personnel functions, maintenance and operations of space, data processing, accounting, auditing, budgeting, and communications (e.g., telephone, postage).

Unallowable Costs

OMB Uniform Guidance classifies certain items of cost as unallowable. Unallowable costs cannot be charged to federal awards. For rate computation purposes, unallowable costs should be included in the direct cost base if such costs benefit from allowable indirect activities.

Excluded Costs

Certain items of costs are classified as extraordinary or distorting expenditures and are excluded from the computation of the indirect cost rate. Examples include capital outlay/non-capitalized equipment and debt services.

TYPES OF RATES, EXCLUSIONS, AND LIMITATIONS

Restricted Indirect Cost Rates

1. Restricted indirect cost rates shall be used for programs that require expenditures that supplement but do not supplant state or local efforts.
2. Indirect cost rates shall include only those indirect costs associated with support services, such as director of business, fiscal, internal, staff, and data processing, and those other costs required by rule to be treated exclusively as indirect costs, such as termination benefits.

Unrestricted Indirect Cost Rates

1. Unrestricted indirect cost rates shall be used for programs that supplement and/or supplant local and state funds.
2. All cost classifications are the same for both simplified restricted and unrestricted rate computations except that Operation and Maintenance of Plant Services function accounts are treated as indirect costs in unrestricted rate computations.

De Minimis Rate

1. Not applicable to the LEA as ISBE calculates a restricted rate for all school districts.

Exclusions

1. All transactions in the Debt Service, Working Cash, Capital Projects, and Fire Prevention & Safety Funds are excluded.
2. Any capital outlay/non-capitalized equipment and food services food supplies reported in any fund are excluded.
3. Any debt services and payments to other LEA charges reported in any fund are excluded.

Limitations

1. Federal laws limit the amount of indirect costs that may be allowed. The maximum indirect cost allowable by law for a particular federally funded program may be less than the amount allowed under OMB Uniform Guidance.
2. Recovery of indirect costs is subject to availability of funds. If the total of direct and indirect costs exceeds funds available, the LEA will not be able to recover the total cost of the program. Indirect costs may be recovered only to the extent that direct costs are incurred. The indirect cost rate is applied to the amount expended, not the total grant award, to determine the amount of indirect costs. The following illustrates the calculation of indirect and direct costs:
 - A. Grant Amount (Total Award) - \$120,000
 - B. divided by (1+ICR) 1.034
 - C. Direct Costs - \$116,054
 - D. Maximum Indirect Costs
 - E. Equals \$3,946 (Line A-C)
3. If direct costs are determined but not claimed for the grant or contract, such amount may be used as "local effort" if local matching funds are required.
4. The simultaneous use of direct costing and indirect cost rate allocation of the same type of cost is prohibited. LEAs may not use direct costing for some projects within a particular grant and the indirect cost allocation for other projects within the same grant. If the direct costing methodology is used within a specific grant, then that methodology must be used for all federal grants and contracts issued under that specific grant for the LEA. Direct costing is permissible providing supporting records and documentation are maintained by the grantee.

**COMPUTATION METHOD FOR DETERMINING RESTRICTED AND
UNRESTRICTED INDIRECT COST RATES**

As defined in the ED General and Administrative Regulations at 34 CFR 75.563 and 76.563, restricted rates apply to grants that are covered under federal programs with supplement-not-supplant requirements. 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 ED are "of have supplement-not-supplant" requirements and a restricted indirect cost rate must be used on the programs. Unrestricted rates apply to grants not subject to the supplement but not supplant legislative restriction.

The restricted and unrestricted indirect cost rates that are calculated by ISBE are fixed rates, consisting of base rates plus adjustments for carry forward.

Base Rates

The base rates are calculated on the basis of four cost pools as follows. (See Appendix A for a matrix showing the functions assigned to the various pools.)

- A. Excluded Cost Pool
- B. Base Indirect Cost Pool
- C. O&M (Operation & Maintenance of Plant Services) Cost Pool
- D. Base Direct Cost Pool

After costs are allocated to the four pools, the base indirect cost rates are then calculated as follows:

- Base Restricted Indirect Cost Rate = $(B) / [(C) + (D)]$
- Base Unrestricted Indirect Cost Rate = $[(B) + (C)] / (D)$

Where: (B) = Base Indirect Cost Pool
(C) = O& M Cost Pool
(D) = Base Direct Cost Pool

- A. Excluded Cost Pool: This pool consists of all transactions within the Debt Services, Working Cash, Capital Projects, and Fire Prevention & Safety Funds; all payments to Other Districts & Other Governmental Units (4000 function series), Debt Services (5000 function series), Facilities Acquisition & Construction Services (2530 function), and capital outlay/non-capitalized equipment within the Educational, Operations & Maintenance, Transportation, Municipal Retirement/Social Security, or Tort Immunity Funds; and the cost of food purchased in conjunction with food services. Any severance pay included within this cost pool will be excluded from the rate calculations.
- B. Base Indirect Cost Pool: This pool consists of all costs (less any capital outlay/non-capitalized equipment, or other costs charged as direct costs of the particular function) charged to the Educational, Operations & Maintenance, Transportation, Municipal Retirement/Social Security, or Tort Immunity Funds for Fiscal Support Services (2520); Internal Support Services (2570); Staff Support Services (2640); and Data Processing Services (2660). Direction of Business Support Services (2510) charged to the Educational Fund, Municipal Retirement/Social Security Fund, and Tort Immunity Fund are included in this pool, while those expenses charged to the Operations & Maintenance Fund are included in the base direct cost pool.
- C. O&M (Operation & Maintenance of Plant Services) Cost Pool: This pool consists of all costs (less capital outlay/non-capitalized equipment) charged to the Operation & Maintenance of Plant Services (2540).
- D. Base Direct Cost Pool: This pool consists of all costs (less any capital outlay/non-capitalized equipment, plus other costs charged as direct costs within the functions otherwise comprising the base indirect cost pool) charged to the Educational, Operations & Maintenance, Transportation, Municipal Retirement/Social Security, or Tort Immunity Funds for Instructional Services (1000 series); Pupil Support Services (2100 series); Instructional Staff Support Services (2200 series); General Administration Support Services (2300 series); School Administration Support Services (2400 series); Direction of Business Support Services (2510

charged to the Operations & Maintenance Fund); Pupil Transportation Services (2550); Food Services (2560, less cost of food); Direction of Central Support Services (2610); Planning & Evaluation Services (2620); Information Services (2630); Other Support Services (2900); and all Community Services (3000 series).

Termination Benefits - Definition of “Severance Pay” (*with regard to termination benefits*): In practical terms, this refers to a one-time payment to a retired or terminated employee only for accumulated sick and/or vacation days. Compensation for such unused sick and/or vacation days through an increase in annual salary – whether for one, two, three, or more years -- is not considered a “termination benefit.”

A. Severance – Normal Turnover

Payments to employees that are tied to normal turnover as required pursuant to established personnel policies. Normal severance costs are relatively insignificant costs resulting from normal operations, not costs related to program cutbacks or elimination, reductions in work force, or buyouts.

Normal severance costs are to be included in an LEA’s indirect costs with the exception of (1) the severance costs within the excluded cost pool, and (2) the severance costs within the following functions related to certain administrative positions that are classified as direct for computation of restricted indirect costs:

<u>Fund</u>	<u>Function</u>	
10 – 50 - 80	2300	Support Services – General Administration Activities concerned with establishing and administering policy in connection with operating the LEA. Includes:
	2310	Board of Education Services
	2320	Executive Administration Services
	2330	Special Area Administrative Services
10 – 50 - 80	2400	Support Services – School Administration Activities concerned with overall administrative responsibility for a single school or group of schools. Includes:
	2410	Office of the Principal Services
	2490	Other Support Services – School Administration

The normal severance costs for the above-listed functions are also not allowable as direct costs to federal programs because they are exiting costs that do not confer a benefit to current activities. The normal severance costs for the above functions are included in the indirect cost pool (numerator) in the calculation of unrestricted indirect cost rates.

B. Severance – Abnormal Turnover

Abnormal or mass severance includes expenses associated with events that are offered to employees as an incentive to leave employment, such as:

- Buyouts
- Lump sum payments linked to years of service
- Increased pension benefits

Abnormal termination benefits must be considered in advance on a case-by-case basis by ED. Abnormal severance costs are not allowable unless there is a demonstrated allocable and reasonable benefit to federal programs.

LEAs identifying abnormal or mass severance expenses in the AFR will not be provided indirect cost rates by ISBE without approval of such costs by ED. LEAs will need to directly contact ED for approval and subsequent notification to ISBE. In the past, City of Chicago School District 299 has made such a request and received ED approval for additional severance costs to be included in the annual calculation of indirect costs rates.

Distribution of Normal Severance Pay among Cost Pools

The proposed indirect cost plan can be described in terms of four cost pools, as follows:

- The unadjusted indirect cost rates would be calculated as follows:
 - Restricted Indirect Cost Rate = $(B)/[(C) + (D)]$
 - Unrestricted Indirect Cost Rate = $[(B) + (C)]/(D)$

Where: (A) = Excluded Cost Pool
(B) = Base Indirect Cost Pool
(C) = O&M Cost Pool
(D) = Base Direct Cost Pool

- The following formula reflects isolating "Termination Benefits" within each cost pool, and adjusting the above formula accordingly:
 - Restricted Indirect Cost Rate = $(B - TB_B) + (TB_B + TB_C + TB_D)/[(C - TB_C) + (D - TB_D)]$
 - Unrestricted Indirect Cost Rate = $(B - TB_B) + (C - TB_C) + (TB_B + TB_C + TB_D + TB_D^1)/[D - (TB_D + TB_D^1)]$

Where: (B), (C), and (D) are as above;

TB_B = Termination benefits charged to pool B functions
 TB_C = Termination benefits charged to pool C functions
 TB_D = Termination benefits charged to pool D functions, other than for the executive and administrative functions 2300 and 2400.
 TB_D^1 = Termination benefits charged to pool D functions for the executive and administrative functions 2300 and 2400.
 TB_A = Termination benefits charged to pool A functions.

The cost data for the calculations are taken from the audited AFR for the fiscal year two years prior to the fiscal year to which the resulting fixed indirect cost rate will be applied. That is, for fiscal year 2022 federal programs, the rates are determined from the costs reported in the FY 2020 AFR. In order to more accurately estimate the costs for FY 2022, additional adjustments for carry forward are applied.

Carry Forward - Calculation and Implementation

The indirect cost rates are computed and fixed for a specified future period based on an estimate of that period's level of operation. However, when the actual costs of that period become known, the difference between the estimated cost and the actual cost is carried forward as an adjustment to a subsequent period for which a rate is established. The adjustment cannot be made in the fiscal period immediately following because the fixed rate for that period will already have been determined. The adjustment will be carried forward to the second fiscal period following the period being adjusted. (See Appendix D.)

Negative Indirect Cost Rates

Negative rates will not be issued. If the ISBE computation for the restricted or unrestricted rate results in a negative value, a zero indirect cost rate will be assigned to the LEA for the applicable fiscal year.

APPLICATION OF INDIRECT COST RATES

The dollar amount of indirect costs allocable to a federal award will be determined by applying the approved indirect cost rate to the direct cost base. Indirect costs are usually charged to the federal grant as a percentage of some or all direct cost items in the LEA's budget. The following expenditure functions are usually considered as indirect costs:

- Function 2510 - Direction of Business Support Services
- Function 2520 - Fiscal Services
- Function 2570 - Internal Services
- Function 2640 - Staff Services
- Function 2660 - Data Processing Services

If expenditures are shown as direct costs in any of the above-mentioned functions on the program budget, the indirect cost rate cannot be used. In no instances can capital outlay/non-capitalized equipment or Facilities Acquisition & Construction Services (Function 2530) be included in the indirect cost application.

Use of the restricted and unrestricted rate is made by applying the appropriate rate to the direct costs for the federal program. The use of the restricted rate does not increase the amount of the grant but reallocates funds among expenditure classifications. (See Appendix I for examples pertaining to application of rates on the FY 2022 Title I – Low Income federal programs for the three largest Illinois school districts claiming the restricted indirect cost rate.)

Rate Application and Capital Outlay

Special consideration is necessary when a grant program budget contains Facilities Acquisition & Construction Services' costs (Function 2530) and capital outlay/non-capitalized equipment expenditures. The amount of Facilities Acquisition & Construction Services Costs (Function 2530) and capital outlay/non-capitalized equipment are **excluded** from the total direct costs when the indirect cost rate is applied to determine the dollar amount of indirect costs to be allowed for the project.

Sub-agreement for Services

Sub-agreements for private vendors/contractor's services paid from federal grants 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 federal grant, award, or entitlement. Tracking sub-agreements separately from other agreements is necessary for the accurate calculation of the indirect cost rate.

Federal cost principles require that sub-agreements be excluded from the indirect cost rate calculation and from eligible program costs on which indirect costs are charged. The rationale for this approach is that subcontracted expenditures generally do not generate or benefit from indirect costs to the same extent as other expenditures.

Some examples of sub-agreements include contracts with a third party to provide services required by a federal grant, such as the hot lunch services required by a private vendor; contracts with other entities to provide home-to-school transportation for the LEA's students; and contracts with nonpublic schools for services to the LEA's special education students. The hot lunch sub-agreement should not include the cost paid for food, if applicable in the contract.

Sub-agreements typically include those cooperative projects and pass-through grants in which LEAs have both administrative and direct financial involvement. Sub-agreements exclude pass-through grants in which LEAs have administrative involvement only. Sub-agreements generally exclude contracts for central administrative services. Sub-agreements exclude routine purchases of standard commercial goods or services from a vendor.

When distinguishing between a sub-agreement and a routine purchase from a vendor, the substance of the transaction is more important than the form. For example, a contract with a vendor to provide home-to-school transportation to the LEA's students would be a sub-agreement, but a contract with the same vendor to rent buses for the LEA to transport its own students would be a routine purchase from a vendor. The form of the written agreements might be identical in that they might both be contracts with a transportation vendor, yet the substance of the transactions is different. The home-to-school transportation contract is providing a service. The rental of buses is providing equipment and not a "service."

In recognition that sub-agreements do require some level of administrative services, federal guidelines provide that up to \$25,000 of each sub-agreement may be included in the direct cost base, eligible for indirect cost recovery. Therefore, the indirect cost rate will be applied only to the first \$25,000 of each sub-agreement, each year.¹

Sub-award/Pass-Through Amounts¹

Sub-awards may include sub-grants and sub-contracts. Major sub-awards do not incur (or benefit from) indirect costs to the same degree as other activities. ED's generally accepted definition of a major sub-award is one that exceeds \$25,000 in expenditures per year. ED, as well as other federal agencies, adopted this policy for consistency purposes. ED's policy on sub-award treatment applies on a yearly basis.

¹ Pursuant to Cost Allocation Guide for State and Local Government (September 2019), Section VII, Paragraph F, U.S. Department of Education's policy on sub-award (or sub-agreement) treatment applies on a yearly basis.

Pass-through monies are provided to the prime grantee for a specific secondary recipient. The LEA receiving federal funds as pass-through will record the monies in the Flow-Through Revenue (Account 2200) from federal sources and as grant project expenditures of the flow-through funds in Payments to Other Districts & Governmental Units (Function 4000). Such expenditures should be based on actual expenditure/obligation data from the secondary recipient(s). Any revenue that is to remain with the prime grantee and be expended for the purposes of the grant project would be recorded as revenue and expenditures from the applicable federal source according to the Title 23 Illinois Administrative Code-Part 100. 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 sub-recipient.

Since pass-through monies and sub-awards may both be recorded as grant project expenditures in Payments to Other Districts & Governmental Units (Function 4000), the approved indirect cost rate will **not** be applied to any costs reported in the function. That is, the indirect cost rate will not be applied to Payments to Other Districts & Governmental Units (Function 4000) and there will **not** be exclusions for the first \$25,000 of each sub-award each year.

APPENDIX: A

COST MATRIX

The following identifies the four expenditure (cost) pools used for ISBE's indirect cost rate calculations.

Account #	Title (See Appendix B for description of titles)	Base Indirect Cost Pool	O & M Cost Pool	Base Direct Cost	Excluded Cost Pool
1000	Instruction			X	
2000	Support Services				
2100	Pupils			X	
2200	Instructional Staff			X	
2300	General Administration			X	
2400	School Administration			X	
2500	Business				
2510	Direction of Business Support Services	X		X	
2520	Fiscal Services	X		X	
2530	Facilities Acquisition & Const. Services				X
2540	Operation & Maintenance of Plant Services		X	X	
2550	Pupil Transportation Services			X	
2560	Food Services			X	
2570	Internal Services	X		X	
2600	Central				
2610	Direction of Central Support Services			X	
2620	Planning, Research, Dev. and Eval. Services			X	
2630	Information Services			X	
2640	Staff Services	X		X	
2660	Data Processing Services	X		X	
2900	Other Support Services			X	
3000	Community Services			X	
4000	Payments to Other Dist. & Govt. Units				X
5000	Debt Services				X

NOTES TO THE INDIRECT COST MATRIX

1. All capital outlay/non-capitalized equipment and food services food supplies are excluded.
2. The Debt Services, Working Cash, Capital Projects, and Fire Prevention & Safety Funds are excluded.
3. In instances where an X appears in both the indirect and direct cost pools, the "Estimated Indirect Cost Data" Worksheet from the Annual Financial Report determines the classification/amount to be included in the respective pools.
4. Termination benefits reported in the Support Services-General Administration and School Administration, Functions 2300 and 2400, respectively, are considered indirect costs for computation of unrestricted rates.
5. Other Support Services (Function 2900) is classified as a direct cost, since many Illinois LEAs use this as a control account and the impact of classifying it as indirect cost would be to inflate the indirect cost pool.

APPENDIX: B

DEFINITIONS OF FUND, FUNCTION, & OBJECT

The following fund, function, and object definitions apply as adjusted for capital outlay/non-capitalized equipment for indirect cost rate applications. Additional details can be found in the [Part 100 Requirements for Accounting, Budgeting, Financial Reporting, and Auditing](#).

FUND

Label	Acct No	Source Notes
Educational Fund	10	This is effectively the district's general fund. Each transaction not accommodated by another specific fund shall be processed through this fund. [105 ILCS 5/17-2]
Operations & Maintenance Fund	20	This fund is required if a tax is levied for purposes of operations and maintenance. [105 ILCS 5/17-2 and 17-7]
Debt Service Fund or Fund Group	30	This fund or fund group is required if taxes are levied to retire bond principal or to pay bond interest, or if other revenue, including revenue from School Facilities Occupation Tax proceeds, is pledged to pay principal, interest, or service charges on other long-term debt instruments. A separate fund shall be established for each issue, but the funds shall be aggregated for reporting purposes. [105 ILCS 5/Art. 19]
Transportation Fund	40	This fund is required if a district pays for transporting pupils for any purpose. All costs of transportation, other than those authorized by statute to be paid from another fund, shall be paid from this fund. Any funds received for transportation purposes must be deposited into this fund, with amounts due other funds appropriately transferred thereafter.
Municipal Retirement/Social Security Fund	50	This fund is required if a tax is levied to pay for contributions to municipal retirement systems, Social Security, or Medicare. [105 ILCS 5/17-1, 21-110, and 21-110.1]
Capital Projects Fund or Fund Group	60	This fund or fund group is required to account for proceeds resulting from each bond issue, receipts from other long term financing agreements (including impact fee agreements), receipts from School Facilities Occupation Tax proceeds, or construction or maintenance grants used to finance a capital project, capital lease, lease purchase agreement, or if a tax is levied in accordance with Section 17-2.3 of the School Code. A separate fund shall be established for each project or financing source but aggregated for reporting purposes.
Working Cash Fund	70	This fund is required if a tax is levied, or bonds are issued for working cash purposes. [105 ILCS 5/Art. 20]
Tort Immunity Fund	80	This fund is required if taxes are levied, or bonds are sold for tort immunity or tort judgment purposes.
Fire Prevention and Safety Fund	90	This fund or fund group is required if a tax is levied or bonds are issued for purposes of fire prevention, safety, energy conservation, or school security. A separate fund must be created for each project or bond issue. [105 ILCS 5/2-3.12 and 17-2.11]

FUNCTIONS

Label	Acct No	Source Notes
INSTRUCTION	1000	The teaching of pupils or the interaction between teacher and pupils. Included are activities of aides or assistants who assist in the instructional process. Teaching may occur in classrooms or other learning situations such as those involving co-curricular activities and may be conducted through a medium such as television, radio, telephone, or correspondence.
SUPPORT SERVICES	2000	Services that provide administrative, technical (e.g., guidance and health), and logistical support to facilitate and enhance instruction. Support services are adjuncts to the fulfillment of the objectives of instruction.
Support Services – Pupils	2100	Activities that are designed to assess and improve the well-being of pupils and to supplement the teaching process.
Support Services – Instructional Staff	2200	Activities assisting the instructional staff with the content and process of providing learning experiences for pupils.
Support Services – General Administration	2300	Activities concerned with establishing and administering policy in connection with operating the district.
Support Services – School Administration	2400	Activities concerned with overall administrative responsibility for a single school or a group of schools.
Support Services – Business	2500	Activities concerned with accounting, purchasing, paying, transporting, exchanging, and maintaining goods and services for the district, including internal business services for operating all schools.
Direction of Business Support Services	2510	Activities concerned with directing and managing the business services area, such as those usually performed by the office of the chief school business official or business manager.
Fiscal Services	2520	Activities concerned with the fiscal operations of the district. This function includes budgeting, receiving and disbursing, bookkeeping, financial accounting, payroll, inventory control, and internal auditing.
Facilities Acquisition and Construction Services	2530	Activities concerned with acquisition of land and buildings, remodeling buildings, construction of buildings and additions to buildings, initial installation or extension of service systems and other built-in equipment, and improvements to sites.
Operation and Maintenance of Plant Services	2540	Activities concerned with keeping the physical plant (i.e., grounds, buildings, and equipment) in an effective and safe working condition. This includes activities aimed at maintaining safety in buildings, on the grounds, and in the vicinity of schools.
Pupil Transportation Services	2550	Activities concerned with conveying pupils to and from school as provided by Article 29 of the School Code [105 ILCS 5/Art. 29]. Includes trips between home and school and trips to school activities.
Food Services	2560	Activities concerned with providing food to pupils and staff in a school or district. This service area includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities and the delivery of food.
Internal Services	2570	Activities concerned with buying, storing, and distributing supplies, furniture, and equipment; those activities concerned with internal duplicating and printing for the school system; and the pickup and transporting of cash from school facilities to the central administrative office or bank for control or deposit.
Support Services – Central	2600	Activities, other than general administration, that supports each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff, statistical, and data processing services.
Direction of Central Support Services	2610	Activities concerned with directing and managing the central support services as a group.

FUNCTIONS

Label	Acct No	Source Notes
Planning, Research, Development, and Evaluation Services	2620	Activities associated with conducting and managing programs of planning, research, development, and evaluation for a school system on a system-wide basis.
Information Services	2630	Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to pupils, staff, managers, or the general public through direct mailing, the various news media, or personal contact.
Staff Services	2640	Activities generally performed by the district's personnel office, such as recruiting and placement, staff transfers, in-service training, health services, and staff accounting.
Data Processing Services	2660	Activities concerned with preparing data for storage, sorting data, and retrieving them for reproduction as information for management and reporting.
Other Support Services	2900	Activities of any support service or classification of services, general in nature that cannot be classified elsewhere in the 2000 series of accounts. (Describe and itemize.)
COMMUNITY SERVICES	3000	Services provided by the district for the community as a whole or some segment of the community, such as community recreation programs, civic organization activities, public libraries, programs of custody and childcare, welfare services, services to nonpublic schools, and home/school services.
PAYMENTS TO OTHER DISTRICTS AND GOVERNMENTAL UNITS	4000	All payments to other districts (formerly "Non-programmed Charges").
Payments to Other Governmental Units (In-State)	4100	Payments to in-state districts, generally for tuition, transportation, and all other services rendered to pupils residing in the paying district. When a non-operating district pays an operating district for the education of pupils, the non-operating district records the payments here.
Payments to Other Governmental Units (In-State) – Tuition	4200	Payments for tuition.
Payments to Other Governmental Units (In-State) – Transfers	4300	Payments to in-state districts, generally for tuition, transportation, and all other services rendered to pupils residing in the paying district. When a non-operating district pays an operating district for the education of pupils, the non-operating district records the payments here.
Payments to Other Governmental Units – Out-of-State	4400	Payments to out-of-state districts for services rendered to pupils residing in the paying district, generally for tuition and transportation. When a governmental unit in one state collects money from a non-operating district for the education of pupils from the non-operating district and pays it to an operating district in another state, the non-operating district records the payments here. (These are not counted in national totals of expenditures.)
DEBT SERVICE	5000	Servicing of the district's debts.
Debt Service – Interest on Short-Term Debt	5100	
Debt Service – Interest on Long-Term Debt	5200	
Debt Service – Payment of Principal on Long-Term Debt	5300	
Debt Service Other – Short-Term Debt Principal	5400	Describe and itemize.

OBJECTS

Label	Acct No	Source Notes
Salaries	100	Amounts paid to permanent, temporary, or substitute employees on the district's payroll. This includes gross salary for personal service rendered while on the payroll of the district.
Employee Benefits	200	Amounts paid by the district on behalf of employees; these amounts are not included in the gross salary but are over and above it. Payments such as fringe benefits, while not paid directly to the employees, nevertheless are a part of the cost (to the applicable functional areas). These types of costs are not considered a cost to the board of education function and should not all be charged to one area. These costs apply to the same function number as the cost of the applicable salary.
Purchased Services	300	Amounts paid for personal services rendered by personnel who are not on the district's payroll, and other services the district may purchase. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided in order to obtain the desired results.
Supplies & Materials	400	Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated in use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.
Capital Outlay	500	Expenditures for the acquisition of fixed assets or additions to fixed assets. These are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, initial equipment, additional equipment, and replacement of equipment.
Other Objects	600	Amounts paid for goods and services not otherwise classified in the 300, 400, or 500 series of accounts. Describe and itemize.
Non-capitalized Equipment	700	Items that would be classified as capital assets except that they cost less than the capitalization threshold, but more than the \$500 minimum value established for purposes of calculating per capita cost pursuant to Section 18-3 of the School Code [105 ILCS 5/18-3].
Termination Benefits	800	Payments made to terminated or retiring employees as compensation for unused sick or vacation days.

APPENDIX: C

INDIRECT COST RATES FOR LARGEST THREE SCHOOL DISTRICTS (From Fiscal Year 2020 Annual Financial Reports for Program Year 2022)

The following table identifies the largest Illinois school districts based on FY 2020 9-month average daily attendance. The three largest districts using indirect costs rates for FY 2022 federal programs are noted in the far-right columns. A shaded line indicates the school district did not use indirect cost rates on federal programs administered by ISBE. Additional information is also available on [ISBE's Indirect Cost Rate Plan webpage](#).

RCDT No	Type	District Name	Total Receipts Revenue	Total Expenses Disbursements	REAL Equalized Accessed Valuation (EAV)	9-month ADA	FY20 for PY22 Restricted Rate	FY20 for PY22 Unrestricted Rate
15016299025	Unit	City of Chicago SD 299	6,525,799,560	6,993,322,583	86,335,881,933	327,833.52	2.78%	16.46%
31045046022	Unit	SD U-46	610,894,948	588,072,511	4,810,846,383	33,859.94	4.54%	16.53%
04101205025	Unit	Rockford SD 205	434,197,141	402,027,566	2,106,000,284	25,460.58	5.68%	14.33%
19022204026	Unit	Indian Prairie CUSD 204	391,590,957	374,388,550	5,487,630,205	26,094.59		
56099202022	Unit	Plainfield SD 202	331,427,918	322,081,155	3,453,380,659	23,729.11		
31045300026	Unit	CUSD 300	311,015,400	301,015,789	3,493,935,837	19,518.95		
24047308026	Unit	CUSD 308	247,464,748	246,096,695	1,994,081,831	16,677.38		
19022203026	Unit	Naperville CUSD 203	292,049,712	273,568,083	4,944,721,998	15,451.40		
05016054004	Elem	Schaumburg CCSD 54	219,300,531	229,189,606	4,486,944,821	14,940.35		
56099365U26	Unit	Valley View CUSD 365U	297,060,685	309,817,764	2,576,386,129	14,547.82		

APPENDIX: D

Restricted & Unrestricted Indirect Cost Rate Worksheets Fiscal Year 2020 Data Applicable to Fiscal Year 2022 Federal Programs

City of Chicago Public School District 299 – Restricted and Unrestricted Rates

INDIRECT COST RATE COMPUTATIONS

Program Year 2022

(Fixed With Carry Forward Computation)

City of Chicago Public SD 299

15-016-2990-25

Cook

	Restricted Indirect Cost Rate Computation			Unrestricted Indirect Cost Rate Computation		
	FY2016	FY2018	FY2020	FY2016	FY2018	FY2020
a. APPLIED COSTS:						
1. Restricted Indirect Rate (B divided by A)	2.74%	0.69%	2.78%	6.51%	10.54%	16.46%
2. Total Direct Base	5,165,791,487 (A)	4,815,832,553 (A)	4,944,361,559 (A)	4,840,090,705 (A)	4,443,649,344 (A)	4,459,679,484 (A)
3. Indirect Cost Pool:						
4. ☐Base Payments *	107,714,498	65,755,425	102,081,837	433,415,280	437,938,634	586,763,912
5. ☐Carry-Forward	33,713,955	(32,484,432)	35,481,310	(118,157,747)	30,499,315	147,213,009
6. Total Indirect Cost Pool	141,428,453 (B)	33,270,993 (B)	137,563,147 (B)	315,257,533 (B)	468,437,949 (B)	733,976,921 (B)
b. ACTUAL COSTS:						
	FY2018	FY2020	FY2022	FY2018	FY2020	FY2022
7. Restricted Indirect Rate (D divided by C)	2.07%	1.41%	#DIV/0!	7.20%	13.84%	#DIV/0!
8. Actual/Adjusted Direct Base	4,815,832,553 (C)	4,944,361,559 (C)	(C)	4,443,649,344 (C)	4,459,679,484 (C)	(C)
9. Indirect Cost Pool:						
10. ☐Base Payments	65,755,425	102,081,837		437,938,634	586,763,912	
11. ☐Carry-Forward	33,713,955	(32,484,432)	35,481,310	(118,157,747)	30,499,315	147,213,009
12. Total Indirect	99,469,380 (D)	69,597,405 (D)	35,481,310 (D)	319,780,887 (D)	617,263,227 (D)	147,213,009 (D)
c. CARRY-FORWARD ADJUSTMENT:						
Recovered:						
13. Rate times Base (Line 1 X Line 8)	131,953,812 (E)	34,116,095 (E)	(E)	289,281,572 (E)	470,050,218 (E)	(E)
14. Should Have Recovered (Total Indirect, Line 12)	99,469,380	69,597,405	35,481,310	319,780,887	617,263,227	147,213,009
15. Under or (Over) Recovery (D minus E)	(32,484,432)	35,481,310	35,481,310	30,499,315	147,213,009	147,213,009
d. ADJUSTMENT DETAIL:						
	2016	2018	2020	2016	2018	2020
	Base	Base	Base	Base	Base	Base
16. Total Direct Actual Costs	5,165,791,487	4,815,832,553	4,944,361,559	4,840,090,705	4,443,649,344	4,459,679,484
17. Total Indirect Actual Costs	107,714,498	65,755,425	102,081,837	433,415,280	437,938,634	586,763,912
18. Restricted Indirect Cost Rate	2.09%	1.37%	2.06%	8.95%	9.86%	13.16%

Elgin SD U46 – Restricted and Unrestricted Rates

INDIRECT COST RATE COMPUTATIONS Program Year 2022 (Fixed With Carry Forward Computation)

School District U-46
31-045-0460-22
Kane

	Restricted Indirect Cost Rate Computation			Unrestricted Indirect Cost Rate Computation		
a. APPLIED COSTS:	FY2016	FY2018	FY2020	FY2016	FY2018	FY2020
1. Restricted Indirect Rate (B divided by A)	3.55%	3.68%	4.54%	11.57%	12.57%	16.53%
2. Total Direct Base	387,097,729 (A)	392,931,406 (A)	406,131,084 (A)	360,086,498 (A)	363,693,057 (A)	369,997,205 (A)
3. Indirect Cost Pool:						
4. ☐Base Payments *	15,540,091	15,095,407	17,010,123	42,551,322	44,333,756	53,144,002
5. ☐Carry-Forward	(1,782,358)	(636,016)	1,428,483	(885,789)	1,368,680	8,004,034
6. Total Indirect Cost Pool	13,757,733 (B)	14,459,391 (B)	18,438,606 (B)	41,665,533 (B)	45,702,436 (B)	61,148,036 (B)
b. ACTUAL COSTS:	FY2018	FY2020	FY2022	FY2018	FY2020	FY2022
7. Restricted Indirect Rate (D divided by C)	3.39%	4.03%	#DIV/0!	11.95%	14.73%	#DIV/0!
8. Actual/Adjusted Direct Base	392,931,406 (C)	406,131,084 (C)	(C)	363,693,057 (C)	369,997,205 (C)	(C)
9. Indirect Cost Pool:						
10. ☐Base Payments	15,095,407	17,010,123		44,333,756	53,144,002	
11. ☐Carry-Forward	(1,782,358)	(636,016)	1,428,483	(885,789)	1,368,680	8,004,034
12. Total Indirect	13,313,049 (D)	16,374,107 (D)	1,428,483 (D)	43,447,967 (D)	54,512,682 (D)	8,004,034 (D)
c. CARRY-FORWARD ADJUSTMENT:						
Recovered:						
13. Rate times Base (Line 1 X Line 8)	13,949,065 (E)	14,945,624 (E)	(E)	42,079,287 (E)	46,508,649 (E)	(E)
14. Should Have Recovered (Total Indirect, Line 12)	13,313,049	16,374,107	1,428,483	43,447,967	54,512,682	8,004,034
15. Under or (Over) Recovery (D minus E)	(636,016)	1,428,483	1,428,483	1,368,680	8,004,034	8,004,034
d. ADJUSTMENT DETAIL:	2016	2018	2020	2016	2018	2020
	Base	Base	Base	Base	Base	Base
16. Total Direct Actual Costs	387,097,729	392,931,406	406,131,084	360,086,498	363,693,057	369,997,205
17. Total Indirect Actual Costs	15,540,091	15,095,407	17,010,123	42,551,322	44,333,756	53,144,002
18. Restricted Indirect Cost Rate	4.01%	3.84%	4.19%	11.82%	12.19%	14.36%

Rockford CUSD 205 – Restricted and Unrestricted Rates

INDIRECT COST RATE COMPUTATIONS

Program Year 2022

(Fixed With Carry Forward Computation)

Rockford Public SD 205

04-101-2050-25

Winnebago

	Restricted Indirect Cost Rate Computation			Unrestricted Indirect Cost Rate Computation		
a. APPLIED COSTS:	FY2016	FY2018	FY2020	FY2016	FY2018	FY2020
1. Restricted Indirect Rate (B divided by A)	3.85%	3.61%	5.68%	12.18%	12.28%	14.33%
2. Total Direct Base	309,310,856 (A)	315,971,120 (A)	329,518,845 (A)	285,281,432 (A)	291,500,416 (A)	304,299,789 (A)
3. Indirect Cost Pool:						
4. ☐Base Payments *	10,796,916	11,223,552	15,206,864	34,829,340	35,694,256	40,425,920
5. ☐Carry-Forward	1,124,460	183,124	3,494,358	(76,241)	113,264	3,171,170
6. Total Indirect Cost Pool	11,921,376 (B)	11,406,676 (B)	18,701,222 (B)	34,753,099 (B)	35,807,520 (B)	43,597,090 (B)
b. ACTUAL COSTS:	FY2018	FY2020	FY2022	FY2018	FY2020	FY2022
7. Restricted Indirect Rate (D divided by C)	3.91%	4.67%	#DIV/0!	12.22%	13.32%	#DIV/0!
8. Actual/Adjusted Direct Base	315,971,120 (C)	329,518,845 (C)	(C)	291,500,416 (C)	304,299,789 (C)	(C)
9. Indirect Cost Pool:						
10. ☐Base Payments	11,223,552	15,206,864		35,694,256	40,425,920	
11. ☐Carry-Forward	1,124,460	183,124	3,494,358	(76,241)	113,264	3,171,170
12. Total Indirect	12,348,012 (D)	15,389,988 (D)	3,494,358 (D)	35,618,015 (D)	40,539,184 (D)	3,171,170 (D)
c. CARRY-FORWARD ADJUSTMENT:						
Recovered:						
13. Rate times Base (Line 1 X Line 8)	12,164,888 (E)	11,895,630 (E)	(E)	35,504,751 (E)	37,368,014 (E)	(E)
14. Should Have Recovered (Total Indirect, Line 12)	12,348,012	15,389,988	3,494,358	35,618,015	40,539,184	3,171,170
15. Under or (Over) Recovery (D minus E)	183,124	3,494,358	3,494,358	113,264	3,171,170	3,171,170
d. ADJUSTMENT DETAIL:	2016	2018	2020	2016	2018	2020
	Base	Base	Base	Base	Base	Base
16. Total Direct Actual Costs	309,310,856	315,971,120	329,518,845	285,281,432	291,500,416	304,299,789
17. Total Indirect Actual Costs	10,796,916	11,223,552	15,206,864	34,829,340	35,694,256	40,425,920
18. Restricted Indirect Cost Rate	3.49%	3.55%	4.61%	12.21%	12.25%	13.28%

APPENDIX: E

FRIS Indirect Cost with Federal Funds Disbursed/Indirect Costs Expended (Illinois State Board of Education - Funding and Disbursements Department)

The following table identifies the school districts that had indirect cost claims disbursed during state fiscal year 2020, which includes program year 2019 and 2020, for federal programs administered through the ISBE's Financial Reimbursement Information System (FRIS). Each line reflects the school district's program year, restricted indirect cost rate, federal funds disbursed, and indirect cost reimbursement. The applicable total dollars for the school districts are listed at the end of the table.

ILLINOIS STATE BOARD OF EDUCATION

FUNDING AND DISBURSEMENTS DEPARTMENT

FRIS INDIRECT COST WITH FEDERAL FUNDS DISBURSED AND IC EXPENDED

State Fiscal Year: 2020

<u>RCDT</u>	<u>Name</u>	<u>Program Year</u>	<u>Restricted</u>		
			<u>Indirect %</u>	<u>Federal Funds Disbursed</u>	<u>IC Expended</u>
04101205025	SCHOOL DIST 205 BOARD OF	2019	4.29	11,696,254	276,641
04101205025	SCHOOL DIST 205 BOARD OF	2020	3.61	19,138,413	345,414
04101207016	HONONEGAH CHSD 207	2019	3.78	104,964	3,975
04101207016	HONONEGAH CHSD 207	2020	3.23	351,409	2,076
07016157002	COUNTY OF COOK SCHOOL DIST 157	2019	2.56	249,607	12,218
07016205017	THORNTON THSD 205	2019	4.88	1,162,607	9,602
07016215017	THORNTON FRACTIONALTHSD 215	2019	2.10	777,732	300
15016299025	CITY OF CHICAGO SD 299	2019	2.03	105,531,394	5,801,553
15016299025	CITY OF CHICAGO SD 299	2020	0.69	297,179,229	539,938
19022202026	LISLE CUSD 202	2020	4.71	556,164	1,237
31045046022	SCHOOL DISTRICT U-46	2019	3.31	4,092,264	76,239
31045046022	SCHOOL DISTRICT U-46	2020	3.68	18,650,945	523,667
31045300026	COMMUNITY UNIT SCHOOL DIST 300	2020	3.83	7,143,207	149,881
32038006026	CISSNA PARK CUSD 6	2019	1.16	41,065	379
39055061025	DECATUR SD 61	2019	5.66	2,497,769	60,911
39055061025	DECATUR SD 61	2020	6.60	8,311,221	299,338
41057011026	ALTON COMM UNIT SCHOOL DIST 11	2019	1.34	1,195,712	75
41057011026	ALTON COMM UNIT SCHOOL DIST 11	2020	2.29	4,748,199	146
44063200026	COMMUNITY UNIT SCHOOL DIST 200	2019	4.25	1,165,734	41,620
44063200026	COMMUNITY UNIT SCHOOL DIST 200	2020	5.90	1,772,471	93,248
48072150025	BOARD OF EDUCATION CITY OF	2019	1.42	6,160,340	185,166
49081040022	MOLINE-COLE VALLEY COMMUNITY	2019	4.64	563,464	42,074
49081040022	MOLINE-COLE VALLEY COMMUNITY	2020	4.43	1,738,651	66,014
	Total			494,828,815	8,531,712

APPENDIX: F

State and Federal Grant Administration Policy and Fiscal Requirements and Procedures

(Illinois State Board of Education - Funding and Disbursements Department)

The following provides background information and identifies the ISBE's grant administration policy.

SECTION A: POLICY

STATE AND FEDERAL GRANT ADMINISTRATION POLICY

Established: August 1994

Updated: March 2020

1. State funds will not be awarded to a grantee through an initial application or increased through the submission of a budget amendment after June 30; federal funds will not be awarded after the federal grant period has expired. (See Policy #3 below regarding amendments.)
2. State-funded project grants will not be extended after August 31 without the approval of the director of Funding and Disbursements and the director of the appropriate program area. Requests for state and federal project end date extensions must be received at ISBE no later than 30 calendar days prior to the project end date.
3. Final budget amendments for state and federal grant programs must be received at ISBE 30 calendar days prior to the grantee's project end date.
4. State claim-based programs with statutory deadlines will be enforced. State claims that are not received at ISBE by the statutory deadline are subject to funding delays or elimination.
5. Grantees with an approved state and/or federal grant program are required to submit quarterly expenditure reports at minimum. Quarterly reports are due 20 calendar days after the end of the reporting quarter (e.g., September 30 expenditure report is due at ISBE on or before October 20). Failure to submit the report by the due date will result in scheduled payments being withheld until the required report is received.
6. Grantees must submit a completion expenditure report 20 days after the project end date (excluding any statutory deadline reporting requirements). If a completion report is submitted by a grantee with outstanding obligations, a final expenditure/liquidation report (i.e. total obligations = \$0) should be submitted no later than 90 days after the project ending date. Failure to submit the required report within 90 days may result in withholding funds for the subsequent year until the report is received.
7. Grantees must expend or obligate state or federal funds prior to the project end date. Most federal grant programs permit any unobligated or unexpended funds to be carried forward for one additional year unless program requirements specify otherwise.

Grantees that reflect unexpended funds on a state grant will receive formal notification from ISBE to return the overpayment. Upon receipt of the notification, the grantee must return the amount due to ISBE within 45 days unless otherwise directed. Failure to return the funds within 45 days may result in withholding funds for the subsequent year.
8. In general, grantees are not allowed to begin an activity or obligate or expend funds that will be charged to a state or federal grant until a substantially approvable initial application (see 34 CFR 76.708) has been received at ISBE. At a minimum, a "substantially approvable application" is a complete grant application

and supporting budget detail with assurances. Grantees that submit a state or federal initial application prior to the program begin date (usually July 1) will be granted an appropriate project begin date for the following fiscal year unless state appropriation authority has not been approved. Grantees that submit a state or federal initial application after July 1 will be assigned a project begin date no earlier than when the initial application was received at ISBE or the program begin date (whichever is later).

Grantees of state or federal discretionary or competitive programs should not begin any activity, obligate, or expend funds until ISBE provides formal approval of the application and grant amount.

Grantees that submit a state or federal budget amendment between the project begin and end date are not allowed to begin an activity, obligate or expend funds prior to the date of receipt at ISBE, provided the scope or intent of the approved project has not changed. If the scope or intent of a project significantly changes through an amendment, ISBE programmatic approval should be obtained prior to the obligation of funds for the new activities provided in the amendment.

9. Grantees that are authorized to levy for Illinois Municipal Retirement Fund and Social Security benefits and include these costs on a grant budget must transfer any reimbursement received for these expenditures back into the proper fund (Fund 50/Account 1150). The percent of employee benefits should reflect the percent of time the employee's salary is charged to the program.

For state-funded projects, the State of Illinois contributes to the Teachers' Retirement System (TRS) on behalf of employers under the continuing appropriation law. Contributions are adjusted annually. The State of Illinois remits these contributions directly to TRS and therefore is NOT an allowable grant expenditure. The employer's portion of TRS allowable costs, over and above the on-behalf state contributions, should be based on TRS's current guidelines and can be included in the program budget. The employee's portion of TRS can be included in the program budget if it has been negotiated to be paid by the employer.

10. Equipment deletion procedures must be followed for equipment purchased with:

- Federal funds: entitlement programs;
- State funds: designated for populations that the fund grantees are not required to serve;
- State funds: when the entire program is paid for by the state; and
- State funds and federal discretionary funds: if program ceases to serve the population for which the equipment was originally purchased.

For all other state programs, equipment is to be retained by the fund recipient.

11. Funding and Disbursements will accept facsimile transmissions (fax) of required documents and reports to meet statutory deadlines. However, unless otherwise directed, an original document and signature must be provided to ISBE for audit purposes. ISBE will accept the electronic transmission grants, claims, and reports from grantees that have approved access to applicable systems within IWAS.

12. State grant programs are subject to GATA and will follow federal uniform guidance at 2 CFR 200 provisions unless separate state statute or approved exemption is otherwise provided.

APPENDIX: G

Capital Assets and Depreciation

The following are the applicable administrative rules for capital assets and depreciation.

Section 100.60 Capital Assets and Depreciation

- a) In order to account for capital assets properly, each school board shall adopt a capitalization threshold.
- b) For purposes of calculating per capita costs under Section 18-3 of the School Code [105 ILCS 5/18-3], the depreciation allowance shall include both depreciable capital assets and non-capitalized equipment.
- c) Unless otherwise required by state or federal law or regulation, useful lifetimes and annual depreciation rates for various classes of capital assets and non-capitalized equipment shall be based on the following schedule.

Classification	Estimated Useful Lifetime	Annual Depreciation Rate
Works of Art and Historical Treasures	Permanent	None
Land	Permanent	None
Permanent Buildings	50 Years	2%
Temporary Buildings	20 Years	5%
Improvements other than Buildings (Infrastructure)	20 Years	5%
Equipment (Three-Year Schedule)	3 Years	33 1/3%
Equipment (Five-Year Schedule)	5 Years	20%
Equipment (Ten-Year Schedule)	10 Years	10%
Construction in Progress	Not Applicable	0%
Non-Capitalized Equipment	10 Years	10%

Source: 23 Illinois Administrative Code
100 Subtitle A Subchapter C
Title 23: Education and Cultural Resources
Subtitle A: Education
Chapter I: State Board of Education
Subchapter C: Finance
Part 100 - Requirements for Accounting, Budgeting, Financial Reporting, and Auditing

APPENDIX: H

**Illinois State Board of Education
Catalog of Federal Domestic Assistance (CFDA) - Illinois
(CFDA/FEDERAL AWARD NUMBERS)
Program Year: 2022**

Program	CFDA Number	Award Number
Title V- Rural Education Initiative (4107)	84.358B	S358B210013
National School Lunch Program (4210)	10.555	22N1199
Special Milk Program (4215)	10.556	22N1199
School Breakfast Program (4220)	10.553	22N1099
Summer Food Service Program (4225)	10.555	22N1199
Child & Adult Care Food Program (4226)	10.558	22N1199
Fresh Fruits and Vegetables (4240)	10.582	21L1603
NSLP Equipment Assistance Grant (4260)	10.579	20N810342
Title I - Low Income (4300)	84.010A	S010A210013
Title I - Low Income - Neglected Priv. (4305)	84.010A	S010A210013
Title I - Low Income - Delinquent Priv (4306)	84.010A	S010A210013
Title I - N/D Juvenile and Adult Corrections (4315)	84.013A	S013A210013
Title I - School Improvement & Accountability (4331)	84.010A	S010A210013
Title I - Migrant Education (4340)	84.011A	S011A210013
Title IVA Student Support & Academic Enrich (4400)	84.424A	S424A210014
Title IV - 21st Century Comm Learning Centers (4421)	84.287C	S287C200013
Fed. - Sp. Ed. - Pre-School Flow Through (4600)	84.173A	H173A210101
Fed. - Sp. Ed. - Pre-School Discretionary (4605)	84.173A	H173A210101
Fed. - Sp. Ed. - I.D.E.A. - Flow Through (4620)	84.027A	H027A210072
Fed. - Sp. Ed. - I.D.E.A. - Room & Board (4625)	84.027A	H027A210072
Fed. - Sp. Ed. - I.D.E.A. - Discretionary (4630)	84.027A	H027A210072
Fed. - Sp. Ed. - Title VIC - Deaf/Blind (4635)	84.326T	H326T180012
CTE - Perkins - State Leadership (4720)	84.048A	V048A200013
CTE - Perkins - DHS Ed (4740)	84.048A	V048A210013
CTE - Perkins - Secondary (4745)	84.048A	V048A210013
Title III - Immigrant Education Program (IEP) (4905)	84.365A	S365A210013
Title III - Lang Inst Prog-Limited Eng LIPLP (4909)	84.365A	S365A210013
McKinney Education for Homeless Children (4920)	84.196A	S196A210014
Title II - Teacher Quality (4932)	84.367A	S367A210012
Title II - Teacher Quality - Leadership Grant (4935)	84.367A	S367A210012

APPENDIX: I

Application of Restricted Indirect Cost Rates - Program Year 2020 from [FRIS Inquiry](#)

FRIS Inquiry – PROGRAM TITLE: Title 1 – Low Income Program Year 2020 Budget Detail

City of Chicago Public SD 299

Expenditure Accounting	Salaries (100)	Employee Benefits (200)	Purchase Services (300)	Supplies & Materials (400)	Capital Outlay (500)	Indirect Cost	Total
<input type="checkbox"/> Submit: 07/31/2020 Approved: 08/27/2020	142,103,363.00	38,788,587.00	78,152,742.00	12,917,129.00	4,625,000.00	1,789,391.00	278,376,212.00
1000 Instruction	117,450,749.00	30,746,805.00	38,048,568.00	7,486,490.00	3,900,000.00		197,632,612.00
2110 Attendance & Social work Services	943,183.00	355,704.00	1,087,274.00	125,000.00	5,000.00		2,516,161.00
2120 Guidance Services	3,273,341.00	1,037,556.00	5,862,910.00	165,000.00	10,000.00		10,348,807.00
2210 Improvement of Instruction Services	11,138,690.00	3,341,300.00	4,382,739.00	946,822.00	50,000.00		19,859,551.00
2220 Educational Media Services	854,877.00	151,329.00	59,819.00	25,000.00	200,000.00		1,291,025.00
2230 Assessment & Testing			100,000.00	50,000.00			150,000.00
2300 General Administration	1,614,421.00	494,861.00	470,439.00	10,000.00			2,589,721.00
2400 School Administration	1,695,448.00	563,112.00	22,210.00	5,000.00			2,285,770.00
2540 Operation & Maintenance of Plant Services	2,348,093.00	1,066,072.00	71,717.00	10,000.00	10,000.00		3,505,882.00
2550 Pupil Transportation Services			5,805,623.00				5,805,623.00
2900 Other Support Services	514,956.00	143,784.00	5,600.00	805,000.00			1,469,340.00
3000 Community Services	1,623,027.00	664,116.00	2,531,093.00	1,278,817.00	250,000.00		6,347,053.00
3700 Nonpublic School Pupil Services	646,578.00	223,948.00	18,926,686.00	2,010,000.00	200,000.00		22,007,212.00
4000 Payments to Other Governmental Units			778,064.00				778,064.00
Indirect Cost: 0.69%						1,789,391.00	1,789,391.00

**FRIS Inquiry – PROGRAM TITLE: Title 1 – Low Income
Program Year 2020 Expenditure Detail**

City of Chicago Public SD 299

Expenditure Accounting	Salaries (100)	Employee Benefits (200)	Purchase Services (300)	Supplies & Materials (400)	Capital Outlay (500)	Outstanding Obligation	Indirect Cost	Total
▲								
☐ Thru: 11/24/2020 Submit: 11/24/2020	120,561,289.00	35,511,968.00	79,280,546.00	8,436,386.00	2,453,721.00	0.00	1,682,152.00	247,926,062.00
1000 Instruction	95,605,655.00	27,090,338.00	28,674,306.00	5,498,549.00	1,233,179.00			158,102,027.00
2110 Attendance & Social work Services	891,497.00	397,728.00	41,458.00	10,351.00				1,341,034.00
2120 Guidance Services	3,590,746.00	1,065,702.00	14,685,803.00	2,183.00				19,344,434.00
2210 Improvement of Instruction Services	11,351,020.00	3,102,290.00	7,840,123.00	48,443.00	332,551.00			22,674,427.00
2220 Educational Media Services	688,809.00	300,185.00	725,406.00	945,912.00	815,074.00			3,475,386.00
2230 Assessment & Testing			339,747.00	132,355.00				472,102.00
2300 General Administration	1,249,058.00	434,409.00	296,121.00					1,979,588.00
2400 School Administration	1,682,266.00	641,043.00	19,022.00	1,265.00				2,343,596.00
2540 Operation & Maintenance of Plant Services	3,112,558.00	1,513,764.00	1,655,940.00		9,955.00			6,292,217.00
2550 Pupil Transportation Services			3,900,037.00					3,900,037.00
2900 Other Support Services	400,842.00	136,754.00	4,242.00	872,444.00				1,414,282.00
3000 Community Services	1,876,041.00	826,132.00	19,718,602.00	771,572.00	38,778.00			23,231,125.00
3700 Nonpublic School Pupil Services	112,797.00	3,623.00	1,379,739.00	153,312.00	24,184.00			1,673,655.00
Outstanding Obligation						0.00		0.00
Indirect Cost							1,682,152.00	1,682,152.00
Exp Split: Current FY: \$20806116.00 Next FY: \$12704813.00							0.00	0.00

FRIS Inquiry – PROGRAM TITLE: Title 1 – Low Income Program Year 2020 Budget Detail

Elgin SD U-46

Expenditure Accounting	Salaries (100)	Employee Benefits (200)	Purchase Services (300)	Supplies & Materials (400)	Non-Capitalized Equipment (700)	Indirect Cost	Total
Submit: 06/10/2020 Approved: 06/11/2020	6,658,148.00	2,292,276.00	883,939.00	644,396.00	298,767.00	380,691.00	11,158,217.00
1000 Instruction	3,293,206.00	1,036,014.00	278,496.00	429,677.00	298,767.00		5,336,160.00
2110 Attendance & Social work Services	237,475.00	97,132.00					334,607.00
2120 Guidance Services	105,547.00	46,298.00					151,845.00
2210 Improvement of Instruction Services	1,721,532.00	648,226.00	123,881.00	49,494.00			2,543,133.00
2220 Educational Media Services			7,000.00	52,573.00			59,573.00
2230 Assessment & Testing	7,633.00	1,860.00	65,048.00				74,541.00
2300 General Administration	77,868.00	30,887.00	1,000.00	5,000.00			114,755.00
2400 School Administration	681,679.00	247,530.00					929,209.00
2540 Operation & Maintenance of Plant Services	32,230.00	5,633.00	1,825.00				39,688.00
2550 Pupil Transportation Services			270,915.00				270,915.00
2560 Food Services	14,444.00	2,525.00					16,969.00
2900 Other Support Services	147,955.00	65,090.00	1,000.00	30,000.00			244,045.00
3000 Community Services	320,473.00	107,853.00	35,936.00	69,193.00			533,455.00
3700 Nonpublic School Pupil Services	18,106.00	3,228.00	4,000.00	8,459.00			33,793.00
4000 Payments to Other Governmental Units			94,838.00				94,838.00
Indirect Cost: 3.68%						380,691.00	380,691.00

FRIS Inquiry – PROGRAM TITLE: Title 1 – Low Income Program Year 2020 Expenditure Detail

Elgin SD U-46

Expenditure Accounting	Salaries (100)	Employee Benefits (200)	Purchase Services (300)	Supplies & Materials (400)	Non-Capitalized Equipment (700)	Outstanding Obligation	Indirect Cost	Total
Thru: 11/24/2020 Submit: 11/24/2020	6,098,761.00	2,142,058.00	393,920.00	378,651.00	274,130.00	0.00	330,391.00	9,617,911.00
1000 Instruction	3,063,366.00	974,701.00	169,415.00	252,778.00	274,130.00			4,734,390.00
2110 Attendance & Social work Services	225,260.00	89,238.00						314,498.00
2120 Guidance Services	102,399.00	45,613.00						148,012.00
2210 Improvement of Instruction Services	1,534,856.00	607,220.00	61,786.00	37,472.00				2,241,334.00
2220 Educational Media Services			862.00	44,495.00				45,357.00
2230 Assessment & Testing	8,252.00	2,073.00	46,377.00					56,702.00
2300 General Administration	78,467.00	31,001.00		617.00				110,085.00
2400 School Administration	662,192.00	238,733.00						900,925.00
2540 Operation & Maintenance of Plant Services	15,232.00	2,765.00	1,037.00					19,034.00
2550 Pupil Transportation Services			74,765.00					74,765.00
2560 Food Services	10,817.00	829.00						11,646.00
2900 Other Support Services	148,654.00	65,224.00		19,403.00				233,281.00
3000 Community Services	233,371.00	81,759.00	19,581.00	17,341.00				352,052.00
3700 Nonpublic School Pupil Services	15,895.00	2,902.00	1,000.00	6,545.00				26,342.00
4000 Payments to Other Governmental Units			19,097.00					19,097.00
Outstanding Obligation						0.00		0.00
Indirect Cost							330,391.00	330,391.00
Exp Split: Current FY: \$116985.00 Next FY: \$28700.00							0.00	0.00

FRIS Inquiry – PROGRAM TITLE: Title 1 – Low Income Program Year 2020 Budget Detail

Rockford CUSD 205

Expenditure Accounting	Salaries (100)	Employee Benefits (200)	Purchase Services (300)	Supplies & Materials (400)	Non-Capitalized Equipment (700)	Indirect Cost	Total
<input type="checkbox"/> Submit: 06/17/2020 Approved: 08/13/2020	7,025,965.00	2,541,865.00	5,185,434.00	3,560,873.00	61,517.00	585,915.00	18,961,569.00
1000 Instruction	5,299,198.00	1,799,134.00	2,174,183.00	2,191,716.00	56,356.00		11,520,587.00
2120 Guidance Services			460,222.00	65,626.00			525,848.00
2210 Improvement of Instruction Services	128,205.00	32,641.00	914,069.00	71,800.00			1,146,715.00
2220 Educational Media Services	42,549.00	20,801.00	577,262.00	347,382.00	3,817.00		991,811.00
2230 Assessment & Testing			21,300.00	15,100.00			36,400.00
2300 General Administration	230,089.00	87,921.00	5,702.00	19,714.00			343,426.00
2400 School Administration	50,800.00	11,122.00	8,000.00				69,922.00
2550 Pupil Transportation Services			158,000.00				158,000.00
2560 Food Services	21,080.00	3,196.00					24,276.00
2900 Other Support Services	83,169.00	37,093.00	2,960.00	85,218.00	1,344.00		209,784.00
3000 Community Services	784,404.00	503,671.00	65,313.00	203,371.00			1,556,759.00
3700 Nonpublic School Pupil Services	386,471.00	46,286.00	51,075.00	560,946.00			1,044,778.00
4000 Payments to Other Governmental Units			747,348.00				747,348.00
Indirect Cost: 3.61%						585,915.00	585,915.00

FRIS Inquiry – PROGRAM TITLE: Title 1 – Low Income Program Year 2020 Expenditure Detail

Rockford CUSD 205

Expenditure Accounting	Salaries (100)	Employee Benefits (200)	Purchase Services (300)	Supplies & Materials (400)	Non-Capitalized Equipment (700)	Outstanding Obligation	Indirect Cost	Total
<input type="checkbox"/> Thru: 11/22/2020 Submit: 11/23/2020	6,118,072.00	2,294,544.00	3,596,462.00	2,779,663.00	39,621.00	0.00	533,874.00	15,362,236.00
1000 Instruction	4,599,968.00	1,626,480.00	1,860,398.00	2,113,548.00	35,896.00			10,236,290.00
2120 Guidance Services			426,479.00	69,954.00				496,433.00
2210 Improvement of Instruction Services	61,813.00	15,720.00	295,620.00	34,462.00				407,615.00
2220 Educational Media Services	43,338.00	20,910.00	586,564.00	382,080.00	2,382.00			1,035,274.00
2230 Assessment & Testing			20,800.00	492.00				21,292.00
2300 General Administration	220,789.00	82,607.00	2,503.00	2,549.00				308,448.00
2400 School Administration	34,801.00	7,717.00	34,094.00					76,612.00
2550 Pupil Transportation Services			24,336.00					24,336.00
2900 Other Support Services	83,827.00	37,129.00	1,713.00	51,186.00	1,343.00			175,198.00
3000 Community Services	721,348.00	458,285.00	33,782.00	66,852.00				1,280,267.00
3700 Nonpublic School Pupil Services	352,188.00	45,696.00	1,708.00	58,540.00				458,132.00
4000 Payments to Other Governmental Units			308,465.00					308,465.00
Outstanding Obligation						0.00		0.00
Indirect Cost							533,874.00	533,874.00
Exp Split: Current FY: \$301939.00 Next FY: \$657475.00							0.00	0.00

APPENDIX: J

Illinois State Board of Education LEA Profile

1. Number of LEAs in the state - **XXX Total, XX Charter Schools, XX Educational Regional School District)**

There were 851 school districts in FY 2021.

2. Which basis of accounting is used by the LEAs – **modified accrual or cash basis? (If there are multiple accounting methods of accounting, identify the number and entity types.)**

Both modified accrual and cash basis are used. A total of 677 school districts utilized cash basis of accounting and 174 utilized modified accrual in FY 2021.

3. Number of LEAs requesting indirect cost rates - **(XX) LEAs requested (XX School Districts, XX Charter Schools, XX Educational Regional School District)**

There were 851 school districts in FY 2021.

4. Number of LEAs utilizing the indirect cost rates - **(XX) LEAs utilizing the indirect cost rates (XX School Districts, XX Charter Schools, XX Educational Regional School District)**

In FY 2020, there were thirteen school districts for Program Year 2019 and there were ten school districts for Program Year 2020 that utilized indirect cost rates.

5. Describe rates calculated – **Unrestricted, Restricted, Medicaid**

Both unrestricted and restricted rates are calculated.

6. Type of rate calculated – **Fixed, Predetermined (Rolling Average)**

Fixed rates with carry forward adjustments are calculated.

7. If predetermined, is the rate discounted? - **Yes, No, or Not Applicable**

Not applicable.

8. Frequency of indirect cost rates calculated – **(All LEA indirect cost rates must be negotiated annually because of volatility.)**

Annually.

9. Are unused leave payments in the indirect cost pool for calculation of the unrestricted indirect cost rate? - **Yes or No**

Yes, adjustments for termination benefits (unused sick and vacation time) are made to both the restricted and unrestricted calculations.

10. Are the salaries and related costs of superintendents, deputy superintendents, and heads of components adjusted in the restricted rate calculation? **Yes or No**

Yes.

11. Are unused leave payments charged directly to federal awards? – **Yes or No**

When an employee has chosen to end their employment, the costs associated in the current fiscal year of this action may be included as a direct cost to the grant. This may include compensation for unused sick and/or vacation days paid as part of the individual's current annual salary. Termination benefits would not be charged directly to federal awards.

12. Are all building related expenditures in the direct cost base for calculation of the restricted indirect cost rate? - **Yes or No**

Yes.

13. Does the base include only the first \$25,000 of subaward expenditures? - **Yes or No**

Yes.

14. Are food costs excluded from the direct cost base as a distorting item? The only allowable costs that may remain in the direct cost base are the cafeteria workers. – **Yes or No**

Yes.

15. Are any types of retirement incentives included in the proposal or planned in the next fiscal year? – **Yes or No**

ED sent a letter to ISBE in February 2009 regarding the proper treatment of retirement incentive payments that may be charged to federal grant programs. In general, if the payment confers a benefit to the affected program, then it may be included as a direct cost of the program. When the payment confers no direct benefit to the program, it can only be charged indirectly to the program.

16. Describe technical assistance, ([2 CFR §200.332 \(e\) \(1\)](#)) workshops, trainings, or opportunities provided to LEAs to learn more about their responsibilities as they pertain to indirect costs.

The State Board calculates the indirect cost rate for all school districts and incorporates the necessary data elements within the Annual Financial Report submitted by each school district. The Indirect Cost Proposal is posted to ISBE's website for LEAs to view.

Pages 46-51 of the [Fiscal Policies and Procedures Handbook](#) discuss indirect cost rates, the application of those rates, and examples of cost-allocation plans. Pages 63-65 discuss the proper supporting documentation required for grantees. The manual also defines all terminology related to indirect costs.

Additionally, ISBE's grant agreements contain references and links to Uniform Guidance (2 CFR Part 200). Guidance on indirect cost rates can be found at [2 CFR 200.414](#) as well as [2 CFR Appendix IV](#) to Part 200.

17. Describe the plan for monitoring indirect cost rates (frequency and procedures).

The Illinois State Board of Education calculates the rates each year. ISBE submits them to the Grant Accountability and Transparency (GATA) Department for review.

18. Delegation agreement expiration date? If your plan is expired, have you contacted the United States Department of Education's Indirect Cost Division to receive technical assistance.

June 30, 2022 –(extended) expiration date. Yes.

19. How are negotiated indirect cost rates distributed, and what time of the year are they published?
Website, Indirect Cost Rate Agreements, etc.

The negotiated indirect cost rates are distributed annually around July 1 in the Electronic Grant Management System (eGMS) through the GATA department.

State Education Agencies are required to submit a new plan for approval to the United States Department of Education Indirect Cost Division if there are any material changes to the Local Education Agency Delegation Agreement. Material changes consist of the following:

*Change indirect cost rate structure Fixed to Predetermine
Proposed change to classification of costs*