

R277-424 received final approval by the Utah State Board of Education on November 4, 2021. R277-424 was published in the December 1, 2021, Utah State Bulletin, subject to a 30-day comment period, with a first possible effective date of January 10, 2021.

R277. Education, Administration.

R277-424. Indirect Costs for State Programs.

R277-424-1. Authority and Purpose.

(1) This rule is authorized by:

(a) Article X, Section 3 of the Utah Constitution, which vests general control and supervision over public education in the Board;

(b) Subsection 53E-3-401(4), which allows the Board to make rules to execute the Board's duties and responsibilities under the Utah Constitution and state law; and

(c) Subsection 53E-3-501(1)(e), which directs the Board to adopt rules for financial, statistical, and student accounting requirements.

(2) The purpose of this rule is to establish Board standards for claiming indirect costs for state programs.

R277-424-2. Definitions.

(1) "Direct costs" mean costs that can be easily, obviously, and conveniently identified by the Superintendent with a specific program.

(2) "Indirect costs" mean the costs of providing indirect services.

(3) "Indirect Services" mean services that cannot be identified with a specific program.

(4) "Regional education service agency" or "RESA" the same as that term is defined in Section 53G-4-410.

[(4)](5) "Restricted indirect cost rate" means:

(a) for an LEA, a rate assigned to each LEA annually based on the ratio of restricted indirect costs to direct costs as reported in the annual financial report for the specific LEA; and

(b) for a RESA, a rate determined by the RESA, up to the de-minimis rate when allowable.

[(5)](6) "Unallowable costs" mean expenditures directly attributable to governance, including:

R277-424 received final approval by the Utah State Board of Education on November 4, 2021. R277-424 was published in the December 1, 2021, Utah State Bulletin, subject to a 30-day comment period, with a first possible effective date of January 10, 2021.

- (a) salaries;
- (b) expenditures of the office of the district superintendent, the governing board, and election expenses; and
- (c) expenditures for fringe benefits, which are associated with unallowable salary expenditures.

~~[(6)](7)~~ "Unrestricted indirect cost rate" means:

- (a) for an LEA, a rate assigned to each LEA annually, based on the ratio of unrestricted indirect costs to direct costs as reported in the annual financial report for the specific LEA; and
- (b) for a RESA, a rate determined by the RESA, up to the de-minimis rate when allowable.

R277-424-3. Standards.

(1)(a) An LEA or RESA may charge indirect costs to state funded programs unless prohibited by Utah Code or Board Rule.

(b) An LEA or RESA may charge indirect costs to federally funded programs in accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

(2) The Superintendent may not authorize or pay indirect costs to higher education institutions for state funded contractual work.

(3)(a) Prior to the beginning of each fiscal year, the Superintendent shall publish a schedule of the indirect cost rates for state programs.

(b) The Superintendent shall develop the schedule from information contained in the annual financial reports and specifically identified items submitted by LEAs.

(c) Each program schedule shall include:

- (i) whether or not the restricted or unrestricted indirect cost rate applies; and
- (ii) whether or not indirect costs are allowable or applicable.

(4)(a) An LEA or RESA may recover indirect costs if funds are available.

R277-424 received final approval by the Utah State Board of Education on November 4, 2021. R277-424 was published in the December 1, 2021, Utah State Bulletin, subject to a 30-day comment period, with a first possible effective date of January 10, 2021.

(b) If a combination of direct and indirect costs exceeds funds available, then the LEA may not recover the total cost of the project or program.

(c) Recovery of indirect costs is not optional for state programs.

(d) If an LEA or RESA elects to recover indirect costs, the LEA or RESA shall use the annual rates negotiated by the Superintendent for ~~[all-]~~applicable federal and state programs.

(5)(a) An LEA or RESA may only recover indirect costs for state programs to the extent that direct costs were incurred.

(b) The Superintendent shall apply the indirect cost rate to the amount expended, not to the total grant, ~~[in order]~~ to determine the amount for indirect costs.

KEY: education finance

Date of Last Change: 2022~~[November 7, 2017]~~

Notice of Continuation: September 13, 2017

Authorizing, and Implemented or Interpreted Law: Art X Sec 3; 53E-3-501(1)(e); 53E-3-401(4)