

North Dakota Department of Public Instruction

TITLE I FAST FACT SERIES

Issue: Indirect Costs

What is indirect cost?

Indirect cost includes costs that cannot be directly attributed to a program but are essential in operating the school. Indirect costs are to be used to cover district-wide, shared general management expenses. These expenses could include, but are not limited to:

- Accounting, budgeting, and payroll preparation
- Personnel services
- Purchasing services
- Data processing
- Utilities and building maintenance

Indirect cost is a percentage of total operating costs for object codes 110 through 800 (excluding 730, 900, and unobligated).

Where can a district's indirect cost rate be found?

Indirect cost rates for each district are found on the Final Federal Title Allocations spreadsheet posted online at [.dpi.state.nd.us/grants/NCLB](http://dpi.state.nd.us/grants/NCLB).

How can district's calculate the maximum indirect cost to claim?

Maximum indirect costs are calculated by taking the district's total expenses and subtracting any funds listed on the unobligated line, the equipment line (object code 730) and the indirect cost line (object code 900). After these amounts have been subtracted, this difference is multiplied by the indirect cost rate. See sample below:

Total approved budget =	22,000.00
Minus equipment =	-800.00
Minus unobligated funds =	-1000.00
Minus indirect costs =	-300.00
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	19,900.00
To figure the indirect cost maximum, multiply X 1.43% =	284.57

Please note:

- Districts participating in Title I cooperative agreements must use the fiscal agent's indirect cost rate when calculating indirect amounts.
- Indirect costs are calculated on final expenditures minus any funds spent on equipment, funds that are unobligated, and funds in the indirect cost line. For budgeting purposes, districts only use their approved budget as a projection of indirect costs. Final calculations are made when final expenditures are reported.
- Indirect costs cannot be claimed or reimbursed until the end of the fiscal year.
- Indirect costs are only paid on actual expenditures as indicated in the middle column of the Title I Mid Year and Final Financial Report (SFN 7822).

If you have questions regarding this issue, please contact:

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