



# FACT SHEET

## INDIRECT COSTS



As a pass-through entity for Federal Education funds, the Nebraska Department of Education (NDE) is providing this fact sheet to assist Federal program subrecipients.

This information is being provided by the NDE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at [Electronic Code of Federal Regulations \(eCFR\)](#) when developing their own indirect costs policies and procedures.

### Grant Reimbursement

The recipient and subrecipient of grants awarded by the NDE are paid on allowable expenditures incurred by the recipient and subrecipient and submitted for reimbursement through the Grants Management System (GMS). The GMS reimbursement method is the only method used and reduces the risk associated with advancing funds which relies solely on the subrecipient's written procedures and financial management systems for fund control and accountability.

### Indirect Cost Requirements

2 CFR 200 is the guiding policy for all federal grants and recipients of federal program funds are required to comply. Please review [2 CFR 200.414](#) for guidance.

#### Indirect cost

- Costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. It may be necessary to establish multiple pools of indirect costs to facilitate equitable distribution of indirect expenses to the cost objectives served.
- Indirect cost pools must be distributed to benefitted cost objectives on basis that will produce an equitable result in consideration of relative benefits derived. For Institutions of Higher Education (IHE), the term facilities and administrative (F&A) cost is often used to refer to indirect costs.

#### Indirect cost rate proposal

- The documentation prepared by a recipient to substantiate its request to establish an indirect cost rate as described in appendices III through VII and appendix IX to this part.

#### Approved indirect cost rate

- If no approved indirect cost rate exists between the subrecipient and the Federal Government, a pass-through entity must determine the appropriate rate in collaboration with the subrecipient.
- The indirect cost rate may be either:
- An indirect cost rate negotiated between the pass-through entity and the subrecipient.
- These rates may be based on a prior negotiated rate between a different pass-through entity and the subrecipient, in which case the pass-through entity is not required to collect information justifying the rate but may elect to do so



## Indirect Cost Approvals:

- The Nebraska Department of Education is authorized by the US Department of Education to approve the indirect rates for LEAs in NE.

## Federal Compliance Monitoring

As part of NDE's annual Federal Compliance Monitoring program, NDE staff will review agency policy and procedure records. Grant Compliance Auditors will conduct these reviews using the requirements outlined in 2 CFR Part 200, along with other applicable federal regulations and guidelines.

## Technical Assistance

Any questions relative to the contents of this document, please contact: [nde.bgmhelp@nebraska.gov](mailto:nde.bgmhelp@nebraska.gov).

*This document is not a substitute for the advice of your own attorney and/or law firm licensed to practice law in the state of Nebraska. In reading and applying Federal law, the NDE recommends LEAs seek and obtain the advice of counsel with questions of application, interpretation, and/or to ensure that use of this information is appropriate to your situation.*

