

Indirect Cost Mini Guide & FAQ

What are Indirect Costs?

Indirect costs benefit more than one cost objective and are therefore not readily assignable to a specific cost objective. Direct costs are costs that provide measurable, direct benefits to specific programs or cost objectives. Examples of indirect costs might include administrative tasks, accounting services, human resources, building maintenance, and utilities.

What is an Indirect Cost Rate?

An Indirect Cost Rate Supplement is a standardized calculation method built in GME to allow for organizations to charge individual funding applications for a share of indirect costs. Dictated by Federal laws and USDE, the calculated rate is a ratio (expressed as a percentage) of the indirect costs to a direct cost base. Starting for Fiscal Year 2026, all organizations must receive approval of their indirect cost by July 1 (the start of the fiscal year). Once the Indirect Cost Rate Supplement is approved, the indirect cost rate is valid for the fiscal year for which it was approved. Organizations should not budget for indirect costs within their funding applications prior to receiving an approved rate.

User Role Requirement

- The **LEA Business Manager** or the **LEA Indirect Cost Request Update** user roles allow for initiating, editing, and submitting the Indirect Cost Request in GME (Grants Management Enterprise).
- Contact the **LEA User Access Administrator** to assign a user role if needed.

Indirect Cost for LEAs

GME Home
Administer ▶
Search ▶
Reports
Inbox ▶
Entity Information
Planning ▶
Monitoring ▶
Funding ▶



General Statement of Assurances
Indirect Cost
Self-Assessment
Project Summary
Maintenance Of Effort Results

To access the Indirect Cost, once the user has logged into GME and has selected their organization, click on *Indirect Cost* link on the Entity Information page.

Initiating and Editing the Indirect Cost Request (Jan 1-Jul 1)

Atwood Elementary District (020342000) Pub

2024 ▾ Active ▾

LEA Supplement

General Statement of Assurances

Indirect Cost

Self Assessment

Status: LEA Indirect Cost Request Not Started

Change Status To: **LEA Indirect Cost Request Started**

Select the fiscal year and click the *Indirect Cost* link. Change the status to *LEA Indirect Cost Request Started* to begin entering data for the Indirect Cost rate.

Indirect Cost Sections

Atwood Elementary District (020342000) Public District

Status: LEA Indirect Cost Request Not Started

Change Status To: **LEA Indirect Cost Request Started**

[View ADE History Log](#)
[View Change Log](#)

Description (View Sections Only View All Pages)

All

History Log

History Log

Create Comment

Indirect Cost

Data Sheet

Restricted Rate Calculation

Unrestricted Rate Calculation

Related Documents

Go To ▾

The Restricted Indirect Cost Rate Cost Rate.

Restricted

Unrestricted

The Data Sheet is the only page that needs to be completed, using your most recent Annual Financial Report (AFR) data. The **Restricted** rate is already checked, but users can check the **Unrestricted** box to request the unrestricted rate as well.

Function Definition	Function (District)	Function (Charter)	Total Costs		Excluded and/or Unallowed Costs		
			All Costs A	Food B	Capital Object C	Debt D	
Instruction	1000/1900	1000/1900	\$ 0.00	\$	\$	\$	
Support Serv-Students	2100-2190	2100-2190	\$ 0.00	\$	\$	\$	
Support Serv-Inst Staff	2200-2290	2200-2290	\$ 0.00	\$	\$	\$	
Support Serv-General Admin	2300-2390	2300-2390	\$ 0.00	\$	\$	\$	
Support Serv-School Administration	2400-2490	2400-2490	\$ 0.00	\$	\$	\$	

Enter all expenditures from your last AFR. Your data is subject to audit and should be entered carefully. Use this link for guidance on [Cost Classification](#) or contact your auditors.

Other Financing Uses 6000 6000

Total All Functions

0 % Current Ap

Current Page

Next Page

Previous Page

Sections

History Log ▶

Save And Go To ▶ Indirect Cost ▶

At the bottom of the screen, click *Save And Go To* and select *Sections* to return to the Sections page. This will save the information entered in the Data Sheet.



Submitting the Indirect Cost Request

Status: LEA Indirect Cost Request Started

Change Status To: LEA Indirect Cost Request Submitted

On the Sections page, change the status by selecting *LEA Indirect Cost Request Submitted* to send the request to Grants Management for review.

Status: SEA Indirect Cost Request Returned for Edits

Change Status To: LEA Indirect Cost Request Submitted

If the Indirect Cost Request is returned or not approved, please check the *History Log* on the Sections page for comments relating to the request being returned or not approved.

If it was not approved, make the necessary changes and then resubmit the request to Grants Management for approval by changing the status to *LEA Indirect Cost Request Submitted*.

Indirect Cost Rate Approval

Debt Service	5000	5000
Other Financing Uses	6000	6000
Total All Functions		

5.90 % Current Approved Rate

When the Indirect Cost Request is approved, the rate will appear at the bottom of the Budget Sheet. Funding Applications already Director Approved will require starting a Revision before being able to budget and claim indirect costs.

Indirect Cost	
Total Allocation	\$595,280.87
Budgeted Amount (Contributing to Indirect Cost)	\$562,116.03
Excludable Costs	\$0.00
<u>Indirect Cost Rate</u>	<u>5.90%</u>
Max Indirect Cost based on Budgeted Amount	\$33,164.84
Max Indirect Cost based on Total Allocation	\$33,164.84

It will also be automatically entered in the Indirect Cost section of the budget within Funding Applications. Remember, you will need to revise your funding application in order to budget approved indirect cost rate expenses after an application has been director approved.

Indirect Cost Request for Counties, IHEs, and Other Government Entities

County Offices, Institutions of Higher Education, and other government entities have a different application process for indirect costs. Any non-LEA in this category would submit a HelpDesk ticket and request to have their entity be provided access to the Indirect Cost supplement below. Once they are added, they may upload their data sheet or letter with already an approved Federal rate in GME.

LEA Supplement

- [General Statement of Assurances](#)
- [Indirect Cost – Counties IHEs and other Gov't](#)
- [Self Assessment](#)

Non-LEAs would select the *Indirect Cost – Counties, IHEs, and other Gov't* in GME from the Supplements page.

Status: LEA Indirect Cost - Counties IHEs and other Gov't Request Not Started

Change Status To: [LEA Indirect Cost - Counties IHEs and other Gov't Request Started](#)

Change the status to *Indirect Cost – Counties IHEs and other Gov't Request Started*. Then use the *Related Documents* link from the Sections page to upload the fiscal year data sheets or federal approved rate letter.

- History Log
 - History Log
 - Create Comment
- Indirect Cost - Counties IHEs and other Gov't
 - [Related Documents](#)
- All

Type	Document Template	Document/Link
FY24 IDC Calculation Form [Upload at least 1 document(s)]	N/A	Upload New

Use the *Upload New* link to submit the form to Grants Management. Then change the status to *Indirect Cost – Counties IHEs and other Gov't Submitted*. Grants Management will either approve the request, return it for edits, or not approve it.

Status: LEA Indirect Cost - Counties IHEs and other Gov't Request Started

Change Status To: [LEA Indirect Cost - Counties IHEs and other Gov't Request Submitted](#)



Indirect Cost Frequently Asked Questions

1. Q: How do I obtain my indirect cost rate if I'm a district or charter?

A: LEAs may request restricted and unrestricted rates each year. LEAs can apply for indirect cost rate(s) within Grants Management Enterprise (**GME**) by entering data from their AFR into the Data sheet. This data is then populated into a **Restricted Rate Calculation Page** and an Unrestricted Rate Calculation Page. Once the **Indirect Cost** request is approved, the negotiated restricted percentage and additional details will be displayed in the *Entity Information* page in **GME** and on most funding applications' *Budget* pages too.

If your indirect cost rate is approved *after* you've received director approval for a funding application that allows either the restricted or unrestricted rates, you would need to revise your budget in your funding application before being able to claim indirect cost expenditures.

The funding applications in **GME** will not allow you to budget indirect costs in object code 6910 without an approved rate for that fiscal year.

2. Q: How often do we request indirect cost rates?

A: Indirect cost rates must be requested every year to obtain the rate and be able to budget for indirect costs in that year's funding applications.

3. Q: Does this form of request apply to all LEAs regardless of the entity type?

A: The Indirect Cost Request above applies only to districts and charters. The county offices, as well as institutions of higher education and other government offices will now have their requests for indirect costs also located in **GME**. If your entity is not a district or charter, and you'd like to provide your data workbook or letter from the federal government with a federally approved rate for your entity, please notify us through help desk <https://helpdeskexternal.azed.gov/> that you'd like access to the **Indirect Cost – Counties, IHEs, and other Gov't** supplement in **GME**.

Your entity will need to assign someone the user role of LEA Indirect Cost – Counties IHEs and other Gov't Request Update role. Once we process your help desk ticket, your entity will have access to the new **Indirect Cost – Counties, IHEs, and other Gov't** supplement wherein you will be able to upload your paperwork in *Related Documents* and then submit to ADE by changing the status to *LEA Indirect Cost – Counties IHEs and other Gov't Request Submitted*.



4. Q: Should I wait to apply for indirect cost after applying for funding?

A: We suggest applying for an indirect cost rate as soon as it is available in GME. This will allow LEAs to budget their indirect cost line item in the original funding application(s). You may apply for indirect costs once you have your financial information ready for the data sheet. Keep in mind, revisions to the **Indirect Cost** supplement will not be processed, so ensure your data is accurate when you do submit the request for your indirect cost rate(s).

If you receive your indirect cost rate(s) after a funding application has been changed to *Director Approved* status, you will need to start a revision to your already-approved budget after being notified of your approved indirect cost rate. At that time, you will be able to capture an amount in the 6910-object code line item for indirect costs.

5. Q: Why do I get an error message when I try and claim the full amount of indirect costs from my budget when submitting my Reimbursement Request or final drawdown in my Completion Report?

A: Indirect costs are, by their nature, not a direct cost, but instead, based on a percentage of direct costs. The only way to claim indirect costs, is to have had direct costs claimed. If you budget the maximum indirect cost based on your budget, you will have to claim 100% of those direct costs budgeted in order to claim 100% of the indirect costs.

To calculate the maximum indirect costs that can be claimed for any reimbursement request or CR drawdown, determine the total amount of direct costs you are claiming in that transaction, multiply your indirect cost rate to that total, that will get you your max indirect cost claim possible.

6. Q: Am I allowed to claim indirect costs for all grants?

A: Grants that are State funded do not allow for indirect costs. Federally funded grants *may* allow indirect costs to be claimed at either your approved restricted rate, unrestricted rate, or they may not allow it all. If you have questions regarding whether indirect costs can be claimed for a specific funding application, please contact the Program Area overseeing the funding application you are looking to make claims on. If you have questions about how to claim indirect costs via Reimbursement, contact your assigned Grant Coordinator via our help line: 602-542-3901 Opt 2.

Need Assistance?

Grants Management System (GME)	Help Desk Support Ticket
Phone: 602.542.3901	
Opt 1-Technology, Opt 2-Processing, Opt 3-Monitoring	https://helpdeskexternal.azed.gov