
COST POLICY STATEMENT
Utah State Board of Education

I. General Accounting Policies.

(If policies are different in any of the following categories, please specify.)

- A. Basis of Accounting – Accrual basis
- B. Fiscal Period – July 1, 2021 through June 30, 2022
- C. Allocation Basis – Direct Allocation Method
- D. Indirect Cost Allocation Base – Direct Salaries and Wages including applicable Fringe Benefits
- E. USBE does not use a fringe benefit rate.
- F. USBE maintains adequate internal controls to ensure that no costs is charged both directly and indirectly to federal awards.
- G. USBE accumulates all indirect costs and revenues in accounts titled "Indirect Cost Expense" and "Indirect Cost Revenue", respectively.

II. Description of Cost Allocation Methodology

- A. Salaries and Wages
 - 1. Direct Costs. The majority of USBE employees direct charge their salary costs since their work is specifically identifiable to specific federal awards; nonfederal awards; direct activities such as instruction, student services, and food services; and unallowable activities such as lobbying, public communication.

2. Indirect Costs – Unrestricted Rate

Employees in the following offices are charged as 100% indirect: *(Please identify by object class/code)*

- State Superintendent (Unit 0102, Program *SUPR)
- Deputy Superintendent (Unit 0102, Program *DSSA)
- Deputy Superintendent of Financial Ops (Unit 0102, Program *DSFO)
- Support Services (Unit 0102, Program *SUPS)
- Internal Accounting (Unit 0102, Program *IACT)
- Information Technology Indirect (Unit 0102, Program *ICIT)
- General Services/Mail Room (Unit 0102, Program *Mail)

3. Indirect Costs – Restricted Rate

The following employee costs, related fringe benefit and related operating costs (e.g., travel, supplies, and occupancy), included as indirect for the Unrestricted Rate, are removed from the indirect cost pool and included in the base when computing the Restricted Rate:

- State Superintendent and support staff (Unit 0102, Program *SRPR)
- Deputy Superintendent and support Staff (Unit 0102, Program *DSSA)
- Deputy Superintendent of Financial Ops (Unit 0102, Program *DSFO)

4. Mixed Charges and Split-Funded Employees

The following employees may be charged to both direct and indirect activities:
(Provide a List of Employees)

- Administrative Service Manager of Financial Operation
- Information Technology Director
- Project and Portfolio Manager
- Computer and Media Technical Supports

When an individual employee works on more than one grant program, or is funded partially out of direct costs and partially out of indirect costs, the employees maintain time distribution records. USBE charges employee compensation based on these records. The time distribution records coincide with the pay periods, and are signed by the employee and the employee's supervisor.

Release time costs (vacation leave earned, sick leave used, and paid holidays) are considered part of salary costs. Since such costs are part of salary, the recipient does not claim release time costs as separate charges. USBE's accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal year is treated as a cost incurred during the period the leave is earned.

B. Fringe Benefits

USBE contributes the following fringe benefits for its employees:

- Federal Insurance Contributions Act (Social Security).
- Employee state pension.
- Unemployment insurance.
- Health insurance.
- Dental insurance.
- Compensatory/Excess Time Earned Benefits
- State Leave Pool

Since USBE's accounting system tracks fringe benefit costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded, recipient does not need to have a fringe benefit rate established. *(If not, please describe how fringe benefit costs are accumulated in the pool for the fringe benefit rate.)*

Fringe benefits applicable to salaries and wages are treated appropriately as direct or indirect costs. Vacation, holiday, sick leave and other paid absences are included in salaries claimed on awards. Separate claims for paid absences are not made.

In accordance with 2 CFR 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, (formerly Office of Management and Budget Circular A-87, Attachment B (11)(d)(3)), payments to separating employees for unused leave are treated as indirect costs when computing the unrestricted indirect cost rate. The restricted indirect cost rate calculation includes such payments to employees considered unallowable in the calculation as direct (base) costs. Payments to separating employees for unused leave are not charged as direct costs to any federal awards.

C. Travel

Travel costs are charged either as direct or indirect depending upon the predominant purpose of the trip. Auditable travel vouchers support all claimed travel costs. Travel costs are normally limited to those allowable under the Federal Travel Regulations. USBE identifies unallowable travel costs (e.g., most first class airfare, excessive lodging costs, and alcoholic beverages) and does not charge them as direct to federal awards or as indirect to any indirect cost pool.

D. Board of Education Expenses

All salaries, expenses, fees, and other remuneration costs for the State Board of Education are treated as direct (base) costs when computing the indirect cost rates

(both restricted and unrestricted). None of these expenses are charged as direct costs to federal awards.

E. Supplies and Materials

Office supplies and materials are charged as direct costs to the individual awards that use the supplies and/or materials. Supplies and materials used by staff engaged in allowable indirect activities are treated as indirect costs.

F. Statewide Costs

Costs included in the approved statewide cost allocation plan (SWCAP) are included as indirect costs when calculating the Unrestricted Rate. Most SWCAP costs are treated as indirect when computing the Restricted Rate. However, as stated in (G) below, occupancy costs on the approved SWCAP are excluded from the calculation when computing the Restricted Rate.

G. Occupancy

Occupancy costs include office and/or facility space rental, depreciation or building use allowance, utilities, custodial services, buildings and grounds services, security services, and other costs related to occupancy of the space used by the recipient.

- USBE charges occupancy costs to direct and indirect activities based on a distribution of square footage occupied by the employees. The areas occupied by direct employees are charged as direct costs to the employees' respective activities and are treated as base costs when computing the indirect cost rate. The areas occupied by allowable indirect employees are part of the indirect cost pool. The exception would be "Restricted Rate" awards in which direct occupancy costs are not allowed as direct charges to Federal programs unless the recipient needs the additional space to conduct the project.

H. Communications

2 CFR 200 requires expenses that can be identified to a specific Federal award to be charged directly. Fax, telephone and internet costs are allocated based on the employee's default unit and program.

Photocopying and Printing – all copied material and printing costs are charged to a specific activities or employee default unit and programs.

I. Outside Services

Outside Professional Services costs are charged as follows:

- Annual audit and OMB Circular A-133 compliance costs are charged as indirect.
- Legal fees for specific activities are assigned to the benefiting activities.

- Legal fees pertaining to the management of the recipient (e.g., advice on personnel relations issues) are treated as indirect costs.
- Professional (including consulting) services costs are charged to the benefiting activities.

J. Capital Expenditures/Equipment

USBE identifies equipment as items with a purchase price at or exceeding \$5,000 per item. Non-capital expenditures become classified as supplies if the cost is less than \$5,000.

If an indirect cost rate has a modified total direct costs (MTDC) base, the indirect cost rate is applied to individual items with an acquisition cost under \$5,000. When using an MTDC base, capital expenditures are excluded from the base for both rate computation and rate application purposes.

- With the prior approval of the awarding agency, the initial acquisition cost of capital equipment items may be charged directly. Federal awards may not be charged depreciation for equipment paid for with direct Federal funds.
- Capital items that are not charged directly to a Federal award may be recovered through depreciation on buildings, capital equipment and capital improvements. The cost of such capital items used by allowable indirect activities is recovered through depreciation.

K. Depreciation

The cost of capital items purchased with Federal funds which are used in a manner which benefits Federal programs is recovered through depreciation charged.

The cost of capital items purchased with direct Federal funds cannot be depreciated for indirect cost recovery purposes.

USBE recovers the cost of capital items using straight line depreciation methods in accordance with generally accepted accounting principles. Depreciation is charged indirectly.

L. Unallowable Costs.

USBE recognizes that unallowable costs, as defined in 2 CFR Part 200, Subpart E, cannot be charged to Federal awards (directly or indirectly) and has internal controls in place to identify these costs.

Examples of unallowable costs are:

- advertising and public relations
- entertainment/alcoholic beverages

- capital expenditures
- Claims and Judgments (except workers compensation)
- interest
- bad debt
- lobbying and fund raising
- fines, Penalties, and Contributions
- Scholarship
- Participated Support Costs

USBE includes all above unallowable costs that benefit from its indirect cost pool in the base (denominator) when computing its indirect cost rates.

Signature: _____

Printed Name of Official: Scott Jones

Title of Official: Deputy Superintendent of Operations

Date: 1/9/2023

Date of Execution: 1/9/2023_____