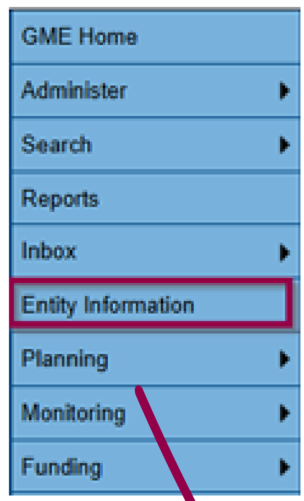
Navigating to the Indirect Cost Rate in Grants Management Enterprise (GME) **for School Food Authorities (SFAs)**

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.

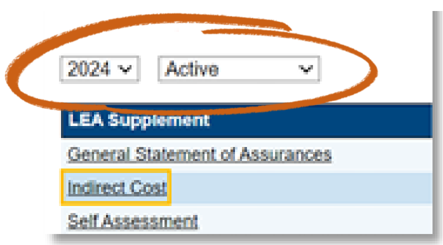
1 Access the Indirect Cost Link

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.

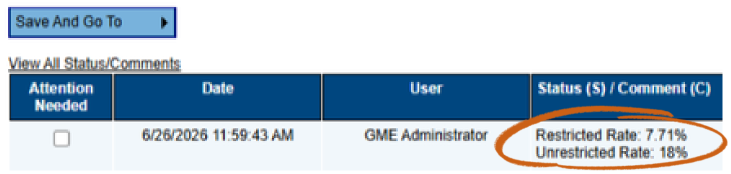
Please note: Do not click on the Indirect Cost Rate option.



2 Select Appropriate Fiscal Year



3 Select History Log



The approved Indirect Cost Rate for the chosen Fiscal Year will be listed.

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Indirect Cost Frequently Asked Questions

Q: Should the restricted or unrestricted rate be applied when calculating indirect costs for food service?
A: The legislation authorizing the School Meal Programs does not contain a requirement for using the restricted rate; therefore, the general fund may bill the school food service at the unrestricted rate. Some LEAs opt to support the food service by applying the restricted rate, which is lower. Once that choice has been made for a given fiscal year, the LEA must apply the selected rate consistently throughout that period.

Q: What is the Indirect Cost Rate used for?
A: The Indirect Cost Rate is applied to the Direct Cost Base to determine the maximum allowable indirect costs that may be charged to the nonprofit school food service account. The Direct Cost Base is calculated by subtracting the following costs from total food service expenditures:

- Food purchases
- USDA Foods (commodities excluding freight)
- Equipment with a unit cost greater than $5,000
- The portion of each subaward that exceeds $50,000

Q: Are indirect costs required to be charged to food service?
A: No. Charging indirect costs is optional. An LEA may choose to charge all, part, or none of its allowable indirect costs. If the LEA elects to charge indirect costs, it must first obtain and use an approved indirect cost rate from GME.