

INSTRUCTIONS FOR COMPLETION OF THE INDIRECT COST RATE CALCULATION TOOL (ICRT) FOR Fiscal Year Beginning July 1, 2014

INTRODUCTION:

The New Jersey Department of Education (NJDOE) has developed a software application to calculate each school district's and charter school's restricted and unrestricted Indirect Cost Rate using Audsum data previously submitted by the district. Prior to the development of this application, school districts and charter schools that wanted to charge indirect costs to a federal program or grant had to annually complete a detailed Indirect Cost Application using an Excel Worksheet developed by the department. This software, first available for the fiscal year beginning July 1, 2014, replaces the labor intensive Excel Worksheet and facilitates the issuance of 2014-15 indirect cost rate(s) to each school district and charter school.

Because the United States Department of Education (USDOE) requires the rates be based upon fiscal information in greater detail than that provided by Audsum, every school district and charter school that wants to obtain indirect costs rates for fiscal year 2014-15 must enter certain required detail into the newly developed Indirect Cost Rate Tool (ICRT) available through Homeroom. The time and effort necessary to complete the ICRT is **significantly less** than the time and effort required to complete the Excel Worksheet from previous years. Because the USDOE requires the 2014-15 rates be calculated using historical fiscal data from fiscal year 2012-13, the ICRT placed into your Homeroom is requesting data from the fiscal year ended June 30, 2013.

The additional detail for the year ended June 30, 2013 collected through this process will then be used by the software application to determine the school district's or charter school's 2014-15 indirect cost rates. The Department strongly encourages every school district and charter school to complete the ICRT by August 1, 2014. Every school district and charter school that submits the ICRT through Homeroom will obtain 2014-15 indirect cost rates. Beginning with the year ended June 30, 2015 completion of the ICRT will be required. Also, beginning with the year ending June 30, 2015 (2015-16 Indirect Cost Rates), the ICRT will be removed from Homeroom and inserted into an "unaudited" tab in Audsum. Annual required completion (whether or not the school district or charter school elects to use the rates obtained) will avoid the labor intensive reconciliation process required by the USDOE whenever an application year is skipped.

ACCESSING THE INDIRECT COST RATE TOOL (ICRT):

Sign-on and password identification for district users of the Indirect Cost Rate Tool for the fiscal year ended June 30, 2014 (for the 2014-15 Indirect Cost Rate Application) will be assigned by your district homeroom administrator. The homeroom administrator must create user accounts for individuals that need access to the Indirect Cost Rate Tool. Please refer to the link called, "About User Account Administration" on the department website at

<http://www.state.nj.us/education/data/collections/> for the Homeroom Administrator Manual regarding the homeroom administrator login. Once a user is authorized, access to the ICRT is through the DOE Homeroom.

SPECIFIC INSTRUCTION FOR ICRT COMPLETION (Required Data Entry):

Completion of the 2014-2015 ICRT (based upon fiscal data from the year ended June 30, 2013) provides information necessary for the NJDOE developed software to calculate and provide the school district or charter school with a 2014-15 restricted and unrestricted indirect cost rate. Only one column (column three) is open for school district or charter school data entry. The five column worksheet provides:

Column one: Preloaded function/object code.

Column two: Preloaded account description.

Column three: Open for school district/charter school data entry of amounts for the year ended June 30, 2013.

Column four: Preloaded June 30, 2013 Audsum values

Column five: Preloaded line item notations.

The following table provides guidance to the school district or charter school for column three data entry:

Function/ Object	Description	Directions
230-100	General Admin. Salaries – Superintendent, State (Fiscal) Monitor and their staff’s Salaries	Enter the fiscal year 2012-13 gross salaries (wages paid or accrued) for the Superintendent, State (Fiscal) Monitor and their staff.
230-100	General Admin. Salaries – Board of Education Staff	Enter the fiscal year 2012-13 gross salaries/wages paid or accrued for the Board of Education staff.
Total	Notation: The sum of the entries on the two detail lines for (230-100) <u>must equal</u> Audsum line 45000 (displayed in column 4).	
230-530	General Administration Communications:- Communications/Telephone except for the Superintendent, State (Fiscal) Monitor and their staff.	Enter the amount expended/accrued for fiscal year 2012-13 Communications/ Telephone except the amount charged for Communications/ Telephone of the Superintendent, State Monitor and their respective staff which is recorded below. Note: Allocation according to any reasonable/consistently applied method is acceptable. Please maintain a record of your allocation(s) for possible audit.

230-530	General Administration Communications:- Communications/Telephone for the Superintendent State (Fiscal) Monitor and their staff.	Enter the fiscal year 2012-13 recorded expenditure paid or accrued for the Communications/Telephone allocated to the Superintendent, State (Fiscal) Monitor and their respective staff. Allocation according to any reasonable/consistently applied method is acceptable. Please maintain a record of your allocation(s) for possible audit.
Total	Notation: The sum of the entries on the two detail lines for (230-530) <u>must equal</u> Audsum line 45140 (displayed in column 4).	
251-330	Public Relations Cost Charged to Function Code 251	Enter the cost incurred (expended or accrued) in 2012-13 for public relation activities charged to 251-330. The entry may not exceed Audsum line 47020 (displayed in column 4).

Normal Retirement Payout (Normal Terminal Leave) and Abnormal/Mass Severance

Normal severance costs are payments (but not accruals) to separating employees for termination benefits and/or unused leave associated with normal turnover. The instructions below address the reporting in the ICRT of “normal severance” unused vacation time and “normal severance” unused sick time.

Abnormal or mass severance costs are payments associated with “mass or abnormal severance” e.g. ERIP (Early Retirement Incentive Programs) and are posted (in accordance with the NJ Minimum Chart of Accounts) as ERIP payments - an employee benefit cost – ERIP contribution. The NJDOE agreement with the USDOE provides that “mass or abnormal severance” costs are treated as disallowed costs for purposes of the indirect cost rate calculation. Preparers of the ICRT do not need to make any adjustments or entries for payments determined to have been made pursuant to an ERIP offered by the State pension system. The NJDOE software will automatically treat these costs as disallowed for purposes of rate calculation.

Guidance for Entering Normal Severance Payments into the ICRT

➤ **Unused Sick Time Payments**

Please select “Yes” from the dropdown table if normal terminal leave payments for unused sick time were made during the fiscal year. Those payments, in accordance with the Minimum Chart of Accounts, were posted to Unallocated Employee Benefits in account number 11-000-291-290 in the school district or charter school general ledger. Selecting “Yes” opens the relevant cell for data entry. If “Yes” is selected, please enter the aggregate total amount paid for normal terminal leave payment for unused sick time to district/charter school employees. Unused sick time payments will be automatically allocated by the NJDOE software without additional entry by the ICRT preparer. Selecting “No” blocks data entry into the 291-290 cell. Edits are in place to ensure the amount entered doesn’t exceed the Audsum amount displayed in column 4.

291-290	Unallocated Employee Benefits-representing payments of unused sick time pursuant to a normal retirement – (Other employee benefits posted to 11-000-XXX-290) .	Enter the cost incurred (paid only) in 2012-13 for gross payments to employees for unused sick time pursuant to a normal retirement, posted to Other Employee Benefits-11-000-291-290. The entry may not exceed the sum of the Audsum lines indicated (displayed in column 4).
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➤ Unused Vacation Time Payments

In accordance with the Chart of Accounts for New Jersey LEAs (2008 edition) unused vacation leave payments made at separation from service are posted to the same account used for the employee’s regular wages. Because Audsum doesn’t collect salaries/wages at the level of detail required by the USDOE, the preparer of the ICRT must data enter payments of salary/wages determined to be “normal turnover” terminal leave for unused vacation pay that are recorded in any of the listed function codes (100, 330, 211, 213, 216, 217, 218, 219, 221, 222, 223, 240, 26X, and 270) and object codes (101-199) (salaries/wages) in the data entry columns provided.

Function/ Object	Description	Directions
100-1XX	Instruction- Regular Programs: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Regular Instruction function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
100-1XX	Instruction- Special Education: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Special Education function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
100-1XX	Instruction- Basic Skills/Remedial: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Basic Skills/Remedial function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.

Function/ Object	Description	Directions
100-1XX	Instruction- Bilingual Education: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Bilingual Education function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
100-1XX	Instruction- Vocational Programs: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Vocational Programs function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
100-1XX	Instruction- School Sponsored Co- /Extra-curricular Activities (401): Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the School Sponsored Co-/Extra- curricular Activities function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
100-1XX	Instruction- School Sponsored Athletics (402) : Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the School Sponsored Athletics function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
100/200- 1XX	Instruction- Other Instructional Programs (403-425): Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Other Instructional Programs function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.

Function/ Object	Description	Directions
330-1XX	Instruction- Community Service Program/Operations: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Community Service Program/Operations function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
211-1XX	Undistributed Expenditure Attendance and Social Work Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Attendance and Social Work Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
213-1XX	Undistributed Expenditure Health Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Health Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
216-1XX	Undistributed Expenditure Speech, OT, PT and Related Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Speech, OT, PT and Related Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
217-1XX	Undistributed Other Support Services Students-Extraordinary: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Other Support Services Students-Extraordinary function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.

Function/ Object	Description	Directions
218-1XX	Undistributed Expenditure Guidance Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Guidance Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
219-1XX	Undistributed Expenditure Child Study Teams: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Child Study Teams function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
221-1XX	Undistributed Expenditure Improvement of Instruction Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Improvement of Instruction Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
222-1XX	Undistributed Expenditure Educational Media/Library Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Educational Media/Library Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
223-1XX	Undistributed Expenditure Instructional Staff Training Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Instructional Staff Training Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.

Function/ Object	Description	Directions
240-1XX	Undistributed Expenditure Support Services: School Administration normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the School Administration function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
26X-1XX	Undistributed Expenditure Operations and Maintenance of Plant Services (Required Maintenance, Custodians, Grounds, Security): Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Operations and Maintenance of Plant Services (Required Maintenance, Custodians, Grounds, Security) function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.
270-1XX	Undistributed Expenditure Student Transportation Services: Normal terminal leave payments except sick time (do not include terminal leave payments related to a mass termination offer)	Enter the amount of terminal leave payments for those employees charged to the Student Transportation Services function code. Edits are in place to ensure that the amount entered does not exceed the amounts reported on the sum of the associated Audsum lines.

Once you have completed data entry in this section, please click the “Save” button to store your responses. Note that once certified, the save button will be disabled and only available upon request through the email provided on page 10 of this document.

Certification - Statement of Assurance:

The statement of assurance certification is found in the lower section of the ICRT. Please require the Chief School Administrator and the School Business Administrator to thoroughly review the statement of assurance. Once reviewed, please enter the name of the Chief School Administrator, the name of the School Business Administrator, and the email address and phone number for the designated contact person. Saving and submitting the form will serve as the acknowledgement and receipt of district assurance. Once certified, the software will not permit changes. Select the “Print Whole Report” button to print a copy of the certified ICRT.

NJ DOE Distribution of Indirect Cost Rates:

Upon successful certification of district data (ICRT), the NJDOE will process the data and generate a restricted and unrestricted indirect cost rate for the school district or charter school.

Please note that obtaining a rate from the NJDOE does not automatically authorize the use of the rate when the school district or charter school elects to charge indirect costs to a federal program or grant. Please consult your program or grant contact for approval to use the rate(s) and the proper use of the rate(s) for the specific federal program or grant.

The DOE homeroom folder will store the data output and indirect cost rate for review. Please print or print and scan the forms to create a permanent record of the school district or charter school indirect cost rates. Various versions of web browsers may require the user to adjust the print margins to include the entire application in the data output.

The output will consist of the following forms for district review:

- Approval Letter- this form is the official notification from DOE of your restricted and unrestricted cost rate for 2014-15.
- Expenditure Report- lists the data reported in Audsum and the district detail uploaded to the application that is used to calculate the restricted and unrestricted rate.
- Form R-1 (Restricted) - allocates the reported expenditures as direct/disallowed costs, excluded costs or indirect costs for the purpose of calculating a restricted rate. Restricted rates are used for those grants that have a supplement not supplant requirement (EDGAR 34 CFR 75.563 and 76.563).
- Carry-Forward Computation - Restricted Calculation- Carry Forward Computation- Restricted Rate 2014-15- uses the data from the allocations per Form R-1 to determine the restricted rate for 2014-15.
- Form U-1 (Unrestricted) - allocates the reported expenditures as direct/disallowed costs, excluded costs or indirect costs for the purpose of calculating an unrestricted rate. Unrestricted rates are used for all other grants without a supplement not supplant requirement.
- Carry-Forward Computation- Unrestricted Calculation- Carry Forward Computation- Unrestricted Rate 2014-15- uses the data from the allocations per Form U-1 to determine the unrestricted rate for 2014-15.
- Calculation of Relative Wage Percentage for the General Fund by Function Code- shows the total salary expenditures per function code and the applicable percentage of such salary to the total salary expense. This percentage is used as a measure of allocating employee benefits to each function code for the purpose of determining direct, indirect or disallowed costs for the rate calculations.
- Unallocated Employee Benefits – shows the total amount of employee benefits expended by a district according to the Audsum.

The list below identifies school districts that had filed an indirect cost rate application in a prior year that under the terms of the agreement between the NJDOE and the USDOE are considered to be unreconciled (estimated vs actual operating results). In compliance with the aforementioned agreement, the NJDOE will perform the reconciliation on behalf of these districts as part of the 2014-15 application process and rate determination.

District	Unreconciled Year
Cape May County Technical	2005-06
Mercer County Technical	2005-06
Red Bank Borough	2005-06
Teaneck	2006-07
East Orange	2006-07
Irvington	2006-07
Bound Brook Borough	2006-07
Hunterdon County ESC	2007-08
Carteret	2007-08
New Brunswick	2007-08
Cape May City	2008-09
Mercer County SSSD	2008-09
Old Bridge	2008-09
Kinnelon	2008-09
Vineland	2009-10
Middlesex County ESC	2009-10
Montgomery	2009-10
Garfield	2010-11
Rockaway Borough	2011-12
Cherry Hill School District	2012-13

Contact Information:

Please email IndirectCostRate@doe.state.nj.us with any questions or comments regarding the ICRT or your school district/charter school indirect cost rates.