

Budget Brief – USOE Indirect Cost Pool

SUMMARY

The Utah State Office of Education operates one Internal Service Fund (ISF) program: The Office of the Superintendent–Indirect Cost Pool (ICP). The ICP funds those programs and individuals who administer the State Office of Education. It supports administrative, accounting, budgeting, purchasing, and government liaison functions of the USOE.

ISSUES AND RECOMMENDATIONS

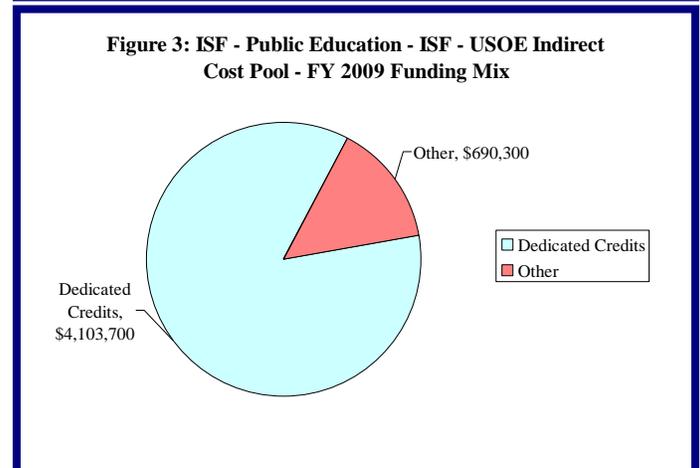
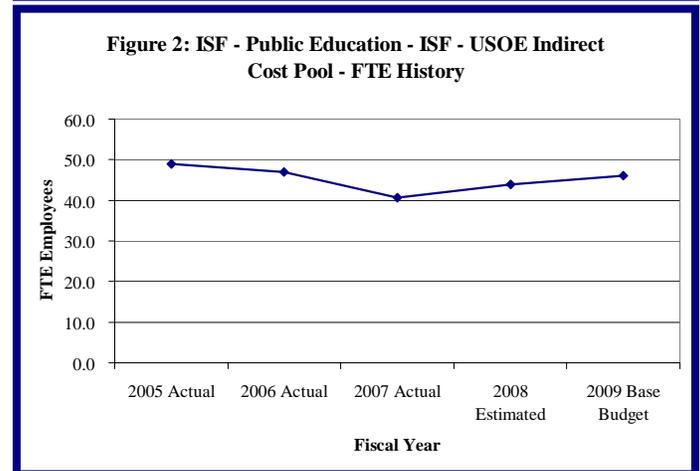
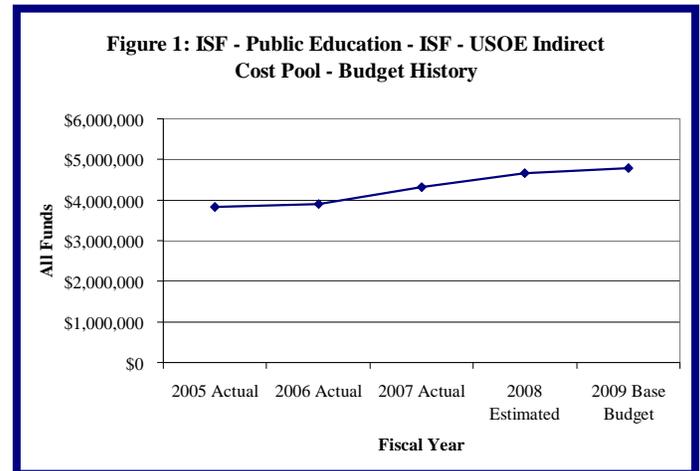
Internal Service Funds are not funded directly through a state fund appropriation, but rather operate by charging the Utah State Office of Education, Utah State Office of Rehabilitation, and Child Nutrition programs to support their operations. Under Utah Code (63-38-3.5), an ISF may not bill another program unless the Legislature reviews the ISF’s budget and authorizes its revenue, rates, and FTE level. Further, the ISF may not acquire capital unless such acquisition is authorized by the Legislature.

Indirect Cost Pool Rate

The ICP Budget Detail Table (page 2) provides further detail on the Office of the Superintendent – Indirect Cost Pool budget. Detail includes the anticipated revenue and expenditures of the ICP and FTE levels.

The ICP operates by taking a proportion of all federal and state funds that support personal services in the operating sections of USOE and some operating sections of USOR and the Child Nutrition Programs. The rates reflect the percentage amounts allowed by the U.S. Department of Education to support the state administration of federal grants.

Rates approved by the Legislature FY 2008 were 14.6 percent for restricted funds and 17.1 percent for unrestricted funds. For FY 2009 rates are estimated to be lowered to 11.0 percent for restricted funds and 15.0 percent for unrestricted. Rate adjustments must meet several federal regulations and require final approval by the federal government before the final rates are established. As of the writing of this brief, FY 2009 rates as proposed by USOE to the Department of Education had not yet been approved.



Rates

Because the ICP rates could increase or decrease by as much as 2 percent, the Legislature may wish to approve the current proposed rates plus 2 percent to accommodate any change. The following rates do not include the 2 percent increase, but are the proposed rates for FY 2009.

- 11.0 percent of personal service costs supported by restricted funds.
- 15.0 percent of personal service costs supported by unrestricted funds.

BUDGET DETAIL TABLE

ISF - Public Education - ISF - USOE Indirect Cost Pool						
	FY 2007	FY 2008		FY 2008		FY 2009*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
Dedicated Credits - Intragvt Rev	4,282,300	4,103,700	0	4,103,700	0	4,103,700
Beginning Nonlapsing	(603,500)	0	(643,500)	(643,500)	(557,700)	(1,201,200)
Closing Nonlapsing	643,500	0	1,201,000	1,201,000	690,500	1,891,500
Total	\$4,322,300	\$4,103,700	\$557,500	\$4,661,200	\$132,800	\$4,794,000
Programs						
ISF - Superintendent Indirect Cost Pool	4,322,300	4,103,700	557,500	4,661,200	132,800	4,794,000
Total	\$4,322,300	\$4,103,700	\$557,500	\$4,661,200	\$132,800	\$4,794,000
Categories of Expenditure						
Personal Services	3,207,200	3,586,700	(40,600)	3,546,100	132,800	3,678,900
In-State Travel	7,100	10,400	(3,300)	7,100	0	7,100
Out of State Travel	11,600	13,100	(1,500)	11,600	0	11,600
Current Expense	918,800	218,300	700,500	918,800	0	918,800
DP Current Expense	177,600	183,500	(5,900)	177,600	0	177,600
Total	\$4,322,300	\$4,012,000	\$649,200	\$4,661,200	\$132,800	\$4,794,000
Other Data						
Budgeted FTE	40.7	43.0	1.0	44.0	2.0	46.0
Authorized Capital Outlay	0.0	14,800.0	0.0	14,800.0	(14,800.0)	0.0
Vehicles	0.0	1.0	0.0	1.0	0.0	1.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

LEGISLATIVE ACTION

This section summarizes what actions might be taken if the Legislature wishes to adopt the recommendations presented in this brief. The Analyst recommends that the Legislature consider the following:

1. Adopt the revenue and FTE levels detailed in the Budget Detail Table – Indirect Cost Pool, as well as the following estimated FY 2009 rates:

11.0 percent of personal service costs supported by restricted funds

15.0 percent of personal service costs supported by unrestricted funds

46.0 FTEs