The indirect cost pool (ICP) at the Utah State Office of Education (USOE) supports administrative, accounting, budgeting, purchasing, information technology, and government liaison functions of USOE.

**Discussion and Analysis**

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, Child Nutrition, Charter School Board, Educator Licensing, and Contracts and Grants to support their operations. Under Utah Code (63J-1-410), an ISF may not bill another program unless the Legislature reviews the ISF’s budget and authorize its revenue, rates, and FTE level.

When accounting for indirect costs on a division basis, USOE and the other programs/divisions revenues and expenditures have been reported appropriately. However, when accounting for indirect costs on an overall basis (i.e., USOR and USOE combined), revenues and expenditures are duplicated. In order to avoid this duplication and ensure appropriate budgeting and accounting, the technical adjustment below is required.

The table below summarizes the proposed transfers for FY 2015 and FY 2016:

<table>
<thead>
<tr>
<th>From</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Office of Education - Various Programs</td>
<td>(2,326,000)</td>
<td>(2,209,600)</td>
</tr>
<tr>
<td>State Office of Rehabilitation</td>
<td>(2,011,200)</td>
<td>(1,910,700)</td>
</tr>
<tr>
<td>Child Nutrition</td>
<td>(176,500)</td>
<td>(167,700)</td>
</tr>
<tr>
<td>Charter School Board</td>
<td>(51,700)</td>
<td>(49,100)</td>
</tr>
<tr>
<td>Educator Licensing</td>
<td>(112,400)</td>
<td>(106,800)</td>
</tr>
<tr>
<td>Contracts and Grants</td>
<td>(32,700)</td>
<td>(31,100)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(4,710,500)</td>
<td>(4,475,000)</td>
</tr>
<tr>
<td><strong>To</strong> State Office of Education - Board &amp; Administration</td>
<td>4,710,500</td>
<td>4,475,000</td>
</tr>
</tbody>
</table>