



**U.S. ELECTION ASSISTANCE COMMISSION**  
**1225 New York Ave. NW – Suite 1100**  
**Washington, DC 20005**

**U.S. Election Assistance Commission**  
**Funding Advisory Opinion**  
**FAO-08-004**

**Requestor:**

Illinois (AOR-08-003 and AOR-08-004)

**Question:**

May indirect costs of operating all Help America Vote Act (HAVA) programs, subject to an approved indirect cost rate, be charged to Section 101 funds?

If not, how should the indirect costs be allocated to the various HAVA programs?

**Determination:**

According to Office of Management and Budget Circular A-87, Attachment E, Part A, 1 and 3, indirect costs must be allocated to benefiting cost objectives, and the allocation is normally done through the use of an indirect cost rate. Therefore, the indirect costs of administering all HAVA programs may not be charged only to Section 101 funds because it would result in the shifting of the costs of administering 102 and 251 funds to 101 funds. Instead the indirect costs must be equitably allocated between Sections 101, 102, and 251 fund programs.

Indirect costs must be distributed to the HAVA programs on the basis of the application of the approved indirect cost rate to the direct cost base identified in the approved indirect costs rate agreements between the Illinois State Board of Elections and the Election Assistance Commission. This practice is in accordance with the requirements of Circular A-87, Attachment E, Parts B2 and B4.

Illinois has approved final indirect cost rates for state fiscal years 2004 through 2006 as follows:

| <u>Year</u> | <u>Indirect Cost Rate</u> |
|-------------|---------------------------|
| 2004        | 47.45 %*                  |
| 2005        | 86.21 %*                  |
| 2006        | 107.35%*                  |

\* Rate is applicable to a direct cost base of total direct costs less capital purchases and pass-through funds (i.e. subgrants)



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To determine the amount of indirect costs earned on each HAVA program, Illinois should follow a process similar to the process identified in the following table.

| Description                                 | Direct Costs     |                 |                 |                  |                 |                 |                  |                 |                 |
|---|------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|
|   | Fiscal Year 2004 |                 |                 | Fiscal Year 2005 |                 |                 | Fiscal Year 2006 |                 |                 |
|   | 101              | 102             | 251             | 101              | 102             | 251             | 101              | 102             | 251             |
| Total Expenditures                          | \$\$\$           | \$\$\$          | \$\$\$          | \$\$\$           | \$\$\$          | \$\$\$          | \$\$\$           | \$\$\$          | \$\$\$          |
| Less capital purchases & pass-through funds | <u>(\$\$\$)</u>  | <u>(\$\$\$)</u> | <u>(\$\$\$)</u> | <u>(\$\$\$)</u>  | <u>(\$\$\$)</u> | <u>(\$\$\$)</u> | <u>(\$\$\$)</u>  | <u>(\$\$\$)</u> | <u>(\$\$\$)</u> |
| Balance                                     | \$\$\$           | \$\$\$          | \$\$\$          | \$\$\$           | \$\$\$          | \$\$\$          | \$\$\$           | \$\$\$          | \$\$\$          |
| Multiplied by Indirect Cost Rate            | <u>47.45</u>     | <u>47.45</u>    | <u>47.45</u>    | <u>86.21</u>     | <u>86.21</u>    | <u>86.21</u>    | <u>107.35</u>    | <u>107.35</u>   | <u>107.35</u>   |
| Indirect costs                              | <u>\$\$\$</u>    | <u>\$\$\$</u>   | <u>\$\$\$</u>   | <u>\$\$\$</u>    | <u>\$\$\$</u>   | <u>\$\$\$</u>   | <u>\$\$\$</u>    | <u>\$\$\$</u>   | <u>\$\$\$</u>   |

Once the amount of indirect cost is computed, Illinois may transfer from each HAVA funding source the respective share of the earned indirect costs to the Illinois general fund.