



## INFORMATION MEMORANDUM

**SUA-20-IM-10**

**07/01/2019**

**Rescinds: SUA-18-IM-05**

**TO:** Area Agencies on Aging Directors, Fiscal Staff

**FROM:** Cynthia Brammeier, Administrator, State Unit on Aging

**BY:** Bob Halada, Fiscal Program Manager, State Unit on Aging

**SUBJECT:** Indirect Costs vs. Area Plan Administration Costs

**CONTENT:** This Information Memorandum is designed to provide Area Agencies on Aging (AAAs) with guidance on budgeting and reporting indirect costs and Area Plan Administration costs.

Indirect Costs are defined as, "costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved" per 45 CFR 75.2.

Direct Service Providers - indirect costs for a service shall be budgeted and reported within the service budget, in that program's Area Plan Administration budget, or both.

Indirect Service Providers - indirect costs for a service shall be budgeted and reported only within that program's Area Plan Administration budget. In this case, only direct costs of that service shall be budgeted and reported within the service budget.

Examples:

- AAA #1 is a direct service provider for Information and Assistance. This agency's indirect costs would be budgeted and reported either within their Information and Assistance service budget, their III-B Area Plan Administration budget, or a combination of both.

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

- AAA#2 is not a direct service provider for III-E Respite. This agency's indirect costs would only be budgeted in their III-E Area Plan Administration budget.

If you have questions, please contact Bob at 402-471-4737 or Attn: Bob at [DHHS.aging@nebraska.gov](mailto:DHHS.aging@nebraska.gov).