

**KENTUCKY DEPARTMENT OF EDUCATION**

**STAFF NOTE**

**Action/Discussion Item:**

Request for approval of school district indirect cost rates for fiscal year 2014-2015

**Applicable Statute or Regulation:**

Office of Management and Budget Circular A-87, Attachment E, Section D

**Action Question:**

Should the Kentucky Board of Education (KBE) approve the indirect cost rates for school districts for 2014-2015 calculated by the Kentucky Department of Education (KDE) in accordance with the indirect cost allocation plan approved by the U.S. Department of Education (USED)?

**History/Background:**

*Existing Policy.* During the indirect cost proposal negotiation process between KDE and USED, clarification was obtained regarding the governing body required to approve the indirect cost rate for a school district. In the past, each school district's board has approved its own rates. While that practice is permitted and should continue, the KBE is required by Circular A-87 to approve the rates for school districts since the delegation agreement is executed between USED and KDE instead of each individual school district.

Attached is the list of district rates.

**Staff Recommendation(s) and Rationale(s):**

Staff recommends approval of the indirect cost rates as presented. Approval of the rates will allow each district to charge indirect costs against federal programs, subject to program limitations, during the 2014-2015 fiscal year. Approval of the rates does not commit districts to charge any amount of indirect costs.

**Impact on Getting to Proficiency:**

The approval of these rates will allow school districts to recover the allowable amount of general management costs that benefit federal programs, which should result in increased unrestricted resources to expend toward instructional activities.

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**Commissioner of Education**

**Date:**

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