

INDIRECT COST RATE APPROVAL

BACKGROUND AND RATIONALE:

Indirect costs are expenditures in support of a program that are not directly identifiable to that program. The Federal government allows entities to be reimbursed for a portion of support expenditures incurred with relation to Federal programs. The Kentucky Department of Education calculates two different rates for indirect costs - restricted and non-restricted. Restricted rates may be applied to federal grants that exclude expenses for district administrative support and allow non-restricted rates that may be applied against district food service programs. The U.S. Department of Education requires the Kentucky Department of Education to have the indirect cost rates approved by school districts.

The Kentucky Department of Education Indirect Cost Rate Proposal is included with this agenda item and is also available on the Kentucky Department of Education website at the following address,

<http://education.ky.gov/districts/FinRept/Documents/Indirect%20Costs%202016-2017.xls>

<u>Item</u>	<u>Amount</u>	<u>Funding Source</u>	<u>Recurring/ Nonrecurring</u>	<u>Measurable Expected Impact and Timeline</u>
<u>Federal Grants & Awards</u>	<u>\$1,088,408</u>	110-5220	recurring	These funds are used to help provide support for federal grants and awards administration for the district

RATIONALE:

Our goal is to allow reimbursement of expenditures made in support of Federal programs and grants that cannot be charged directly to the Federal program or grant under Federal OMB guidelines.

STAFF CONTACT:

Rodney Jackson, Director of Finance

POLICY REFERENCE:

01.11 (General Powers and Duties of the Board)

RECOMMENDATION:

This is to inform the Board of the restricted and non-restricted indirect cost calculations prepared by the Kentucky Department of Education of 5.74% and 17.12% respectively effective July 1, 2016.