



**TO:** Christian County Board of Education

**FROM:** Jessica Darnell, Director of Business

**DATE:** May 8, 2026

**SUBJECT:** Indirect Cost Rates FY27

Definitions Per Kentucky Department of Education: Every year the local Board of Education is encouraged to approve the Indirect Cost Rates prior to October 1, the start of the federal fiscal year. The indirect cost rates must be approved by the local board prior to October 1 in order to claim indirect costs for the period, however, approval of the rates does not commit the local board to make indirect cost claims against grants. Indirect costs are those costs which are not readily identifiable with the activities of the grant or contract but are nevertheless incurred for the joint benefit of those activities and other activities and programs of the organization. Accounting, auditing, payroll, personnel, budgeting, and purchasing services are examples of services which costs may be attributed by means of an indirect cost allocation plan.

The rates for FY26-27 are as follows:

Non-Restricted Indirect Cost Rate	19.18%
Restricted indirect Cost Rate	3.45%

The Non-Restricted Indirect Cost Rate applies to grants that are not subject to the “supplement but not supplant” restriction, such as Food Service. The Restricted Indirect Cost Rate applies to all other Federal Grants.

We are recommending that the Board approve the above Indirect Cost Rates for FY27. We are recommending that the 19.18% rate be charged to the Food Service Department. We will monitor the self-sufficiency of the Food Service Fund to determine if there is a need to reduce this rate. Due to the requirements of the majority of our Federal grants, we would be losing money if we charged Indirect Costs to our grants. Currently there are operating costs/salaries being funded from the federal grants. We are better served to pay the salaries from the grants rather than charging Indirect Costs for their services.