

June 19, 2019

Dear CESA Administrator:

Purpose of Indirect Cost Rates

The U.S. Office of Management and Budget published Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (referred to as the Uniform Grants Guidance). It requires local government agencies to establish an approved indirect cost allocation plan and rate to recover indirect costs related to federal grants and contracts. Each state department of education must have a local education agency (LEA) indirect cost rate plan approved by its federal cognizant agency to assure that LEAs have the capability to claim indirect costs in federally assisted programs. The LEA indirect cost plan has been recently reviewed and approved for the period July 1, 2017 through June 30, 2022 by the U.S. Department of Education and is available for printing on our DPI website at: <https://dpi.wi.gov/sfs/aid/federal/indirect-costs> Your CESA has the option to choose either indirect cost reimbursement or direct cost reimbursement on federally assisted grant programs. Therefore, the assignment of an indirect cost rate for your CESA does not require that you apply it against your grant claims.

Calculation of Rates for 2019-20 Fiscal Year

The calculation of the Indirect Cost Rate for the 2019-20 year is based upon expenditures for the year ended June 30, 2018. The rate computation previously submitted by your CESA has been reviewed by the Department and may have been modified. Please review the attached rate computation.

The indirect cost plan summarizes which expenditure accounts are considered direct costs, restricted indirect costs and unrestricted indirect costs for the purpose of calculating indirect cost rates. The attached spreadsheet calculation which was prepared by your CESA indicates your indirect cost rates for 2019-20 including any adjustment for carry-forward rate adjustment per the approved Indirect Cost plan. Any adjustments should be submitted by **June 28, 2019**.

If you have any questions regarding the Indirect Cost Plan, please contact Kendra Glander at 608-266-2819 or Kendra.glander@dpi.wi.gov

Sincerely,



Tim Coulthart
Assistant Director
School Management Services Team

TC/kg
Enclosure