

March, 2016

Dear CESA Administrator:

Purpose of Indirect Cost Rates

The U.S. Office of Management and Budget Circular A-87 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 approved for the period July 1, 2012 through June 30, 2017 by the U.S. Department of Education and is available for printing on our DPI website at: <http://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 2016-17 Fiscal Year

The calculation of the Indirect Cost Rate for the 2016-17 year is based upon expenditures for the year ended June 30, 2015. 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 2016-17 including any adjustment for carry-forward rate adjustment per the approved Indirect Cost plan. Any adjustments should be submitted by May 31, 2016.

If you have any questions regarding the Indirect Cost Plan, please contact Gene Fornecker at 608-267-7882 or eugene.fornecker@dpi.wi.gov.

Sincerely,

Robert A. Soldner, Director
School Financial Services Team

RAS/glf
Enclosure