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Fixed With Carry Forward Indirect Cost Rates
For Use in FY 2016-17, Based on FY 2014-15 Pipeline data

The calculation compares what you were <u>able</u> to use as an Indirect Cost Rate in FY14-15, and compares that rate to what you <u>actually</u> reported as Indirect Costs in your FY14-15 Financial December Pipeline data. Additionally, the calculation produces a carry forward figure to be applied to the rate for use in FY16-17.

1. Direct and Indirect Costs you reported in FY12-13, which drove the Indirect Cost Rate for use in FY14-15. This is ADE data you provided.

Direct =   _____ (a)

Indirect =   _____ (b)

2. The Restricted Rate produced for use in FY14-15 based on this Pipeline data was:

_____ (c)

3. Now look at the **Actual** Direct and Indirect costs reported in the FY14-15 Pipeline data.

Direct =   _____ (d)

Indirect = _____ (e)

The Carry Forward Figure from your FY12-13 Data used in conjunction with FY14-15 Pipeline is:

_____ (f)

_____ (e) + _____ (f) = _____ (g)

The result (g) is what you ***should have*** recovered as Actual Indirect Costs in FY14-15

4. Take the Actual Direct Costs you reported for FY14-15 (d) and multiply by the Restricted Rate used in FY14-15 (c),

_____(d) x _____(c) = _____ (h)

5. The result (h) is called the "Carry Forward". You reduce what you "should have recovered" as indirect costs in FY14-15 (g) by the carry forward figure (h)

_____(g) - _____ (h) = _____ (i)

6. If the difference (i) is a negative dollar amount, you have an "Over Recovery" to be used in the Fixed with Carry Forward Calculation, because it is more than what was actually reported for Indirect Costs in FY14-15 (e). The assumption is that the District/BOCES recovered more than what the actual Indirect Costs were. In this scenario, expect to see the Indirect Cost Rate decrease.

7. If the difference (i) is a positive dollar amount, you have an "Under Recovery" to be used in the Fixed with Carry Forward Calculation, because it is less than what was actually reported for Indirect Costs in FY14-15 (e). The assumption is that the District/BOCES recovered less than what the actual Indirect Costs were. In this scenario, expect to see the Indirect Cost Rate increase.

8. Add the Under or Over Recovery figure (i), to the Indirect Costs reported in FY14-15

_____ (i) + _____(e) = _____(j)

9. Divide the Adjusted Indirect Cost figure (h) by the Direct Costs you reported in FY14-15 (d)

_____(j) / _____(d) = _____(k)

10. Multiply (k) by 100 and carry to two decimal places. (k) is your Fixed with Carry Forward Indirect Cost Rate for use in FY16-17

_____ (k) x 100 = _____%

Truncate: _____%

- Indirect Cost Rates are produced annually for all Districts and BOCES using the Financial December Data Pipeline data submitted to the Department.
- A Restricted Rate and an Unrestricted Rate are calculated.
- Restricted Indirect Cost Rates are capped at 10.50%. Restricted rates must be used for educational grants.
- Unrestricted Rates are capped at 30.00%. Unrestricted rates are primarily used within Food Service Programs.
- The Indirect Cost Rate Report is available during the submission of the Financial December Pipeline data. Rates are posted on the CDE website every spring.
- Within Data Pipeline, Districts/BOCES acknowledge and approve that their financial data will be used to produce indirect cost rates.
- The Indirect Cost Rate calculation is reviewed and approved by the U.S. Department of Education, Indirect Cost Group every five years. The Department's calculation methodology follows the instructions set forth by the U.S. Department of Education. Cost Allocation Guide for State and Local Governments.
- All Indirect Cost information, district/BOCES specific reports, delegation agreement with the U.S. Department of Education, and supporting material is found on the CDE School Finance website: http://www.cde.state.co.us/cdefinance/icrc