




MEMORANDUM

TO: Division Directors – Inge Jacobs, Peter Kopcha, Hank Stopinski, and Carl Strang
FROM: Mark Jones 
SUBJECT: INDIRECT COST RATES FOR 2008-09
DATE: June 4, 2008

We have received notification for the State Education Department - Grants Finance Unit, with the revised Indirect Cost Rate formula.

Listed below are the rates.

Restricted Indirect Cost Rate **4.4%**

(The "Restricted" rate is to be used with federal and state grant programs funded through NYSED which allow indirect cost recovery.)

Unrestricted Indirect Cost Rate **7.2%**

(The "Unrestricted" Indirect Cost Rate is to be used with school food service programs and certain direct-funded federal programs.)

Based on the new Restricted Indirect Cost Rate change from 4.1% to 4.4%, it is ***extremely important to file an amendment if your budget has already been submitted with the old rate.*** Your new grant contract for 2008-09 should reflect the rate of 4.4%.

The State Education Department has clarified the definition of allowable direct charges. The following are allowable charges:

"Types of costs that are not treated as indirect in calculating your rate are considered to be allowable direct charges in grant programs, subject to the approval of the NYSED program managers. To be approvable, such costs must be:

- Allowable per program specific regulation and policy
- Reasonable and necessary
- Allocable. Grantees must maintain documentation or methodologies that demonstrate that the costs were incurred for grant purposes.
- Supplementary. Costs are considered to supplement and not supplant local effort, if such costs would not be incurred in the absence of the grant funds."

If you have any questions or concerns, please do not hesitate to contact me. Thank you for your assistance and cooperation.

MJ/sk

cc: Dr. Gerald Carozza
Dr. Kathryn Gerbino
Mr. Robert Zordan
Ms. Arpy Ernest
Ms. Judy Stevens
Ms. Wendy Ashley