INDIRECT COST RATE AGREEMENT
Iowa School Districts and Area Education Agencies

Date: July 2026

Organizations

Iowa School Districts (LEA)
Iowa Area Education Agencies (AEA)

Indirect Cost rates for FY27 programming

Replaces previous rates for FY26

LEA and AEA School Business Officials:

The US Department of Education approved a new indirect cost rate plan on June 17, 2020 to replace the previous plan, which had expired. The rates are subject to the conditions included in Section II of this Agreement and regulations issued by the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards under 2 CFR 200 and Education Department General Administrative Regulations (EDGAR) 34 CFR parts 75.561 and 76.561 (b) and (c). These LEA rates will serve as the sole basis for budgeting and allocating indirect cost reimbursement under Federal programs. The application of LEA indirect cost rates is binding on all Federal agencies and subject to periodic review pursuant to single audit requirements for State and Local governments.

Section I - Rates and Bases

New rates to be used by the district or AEA for FY27 programs are posted on the Department's Indirect Cost Rate web page. These rates are based on FY25 CAR district and AEA amounts. Consistent with prior years, new rates are calculated annually.

Type	From	To	Rate	Base	Applicable To
Predetermined	07/01/2026	06/30/2027	See List	MTDC	Unrestricted
Predetermined	07/01/2026	06/30/2027	See List	MTDC	Restricted

Distribution Base:

MTDC — Modified Total Direct Cost (2 CFR 200.1) - Total all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $50,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of $50,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs.

Applicable To:

Unrestricted	Unrestricted rates apply to programs that do not require a restricted rate per 34 CFR 75.563 and 34 CFR 76.563.
Restricted	Restricted rates apply to programs that require a restricted rate per 34 CFR 75.563 and 34 CFR 76.563.

Treatment of Fringe Benefits:
Fringe benefits applicable to direct salaries and wages are treated as direct costs. Pursuant to 2 CFR 200.431, (b), (3), Paragraph (i), unused leave costs for all employees are allowable in the year of payment. The treatment of unused leave costs should be allocated as an indirect cost except for those employee salaries designated as a direct cost for the restricted rate calculation.

Capitalization Policy: Items of equipment are capitalized and depreciated if the initial acquisition cost is equal to or greater than $500.

Excluded Costs: Indirect costs cannot be applied against certain disallowed expenditures for purposes of the calculation. These disallowed expenditures include food purchases, property-related expenditures, including capital outlay and all equipment purchases, taxes, interest, refunds of prior year revenues, any expenditures which are directly reimbursed, interagency transactions to the state or another district or AEA, or any expenditures to flow funding to another agency (i.e. fiscal agent payments to other members in the consortium). A fiscal agent can only apply the rate to its own allowed expenditure portion of the award and cannot apply it to any funds which are "allocated" for other members of the consortium.

Section II – Particulars

Limitations: Application of the rates contained in this Agreement is subject to all statutory or administrative limitations on the use of funds, and payments of costs hereunder are subject to the availability of appropriations applicable to a given grant or contract. Acceptance of the rates calculated herein is predicated on the following conditions: (A) that no costs other than those incurred by the district or AEA were included in the indirect cost pools, and that such costs are legal obligations of the district or AEA and allowable under the governing cost principles; (B) the same costs that have been treated as indirect costs are not claimed as direct costs; (C) that similar types of information which are provided by the Organization through the Certified Annual Report, and which were used as a basis for calculation of rates herein, are not subsequently found to be materially incomplete or inaccurate; and (D) that similar types of costs have been accorded consistent accounting treatment.

Accounting Changes: The rates contained in this agreement are based on the Certified Annual Report and the accounting systems in effect at the time the proposal was submitted.

Predetermined Rates: Predetermined rates are not subject to adjustment.

Notification to Other Federal Agencies: Copies of this document and the posted rates may be provided to other Federal or state agencies as a means of notifying them of the agreement.

Audit: All costs (direct and indirect, federal and non-federal) are subject to audit.

Reimbursement Ceilings/Limitations on Rates: Awards that include ceiling provisions and statutory/ regulatory requirements on indirect cost rates or reimbursement amounts are subject to the stipulations in the grant or contract agreements. If a ceiling is higher than the negotiated rate in Section I of this agreement, the negotiated rate will be used to determine the maximum allowable indirect cost.

Section III - Special Remarks

Alternative Reimbursement Methods: If any federal programs are reimbursing indirect costs by a methodology other than the approved rates in this agreement, such costs should be credited to the programs and the approved rates should be used to identify the maximum amount of indirect costs allocable.

New Indirect Cost Rates: New indirect cost rates will be calculated based on the FY25 CAR for use for FY27 programs.