

Date: July 27, 2009

To: All Superintendents and Business Managers

Re: 2009-2010 Indirect Rate Carry Forward Update

As a result of a United States Education Department (USED) review, the Oregon Department of Education (ODE) updated the Indirect Cost Rate System (ICRS) to include the carry forward calculation.

During our processing of indirect rates for the 2009-2010 school year, it was brought to our attention that the calculation for the Indirect Cost Rate Carry Forward amount needs to be adjusted and we will need to enhance our system. Through conversations with the USED, it became clear that the carry forward adjustment must be completed as the last step, instead of the first step, in the unallowable adjustment process.

ODE received approval from the USED this morning to remove all carry forward adjustments for the current 2009-2010 school year to allow us time to make corrections; therefore, the ODE will remove the carry forward on all school district and education service district rates. We expect to complete this by close of business on Wednesday, July 29, 2009.

Below is a matrix showing the next steps and responsibilities of ODE, by status level, to assure the correction to carry forward is completed over the next few days.

Current Status	ODE Steps	Your Steps
Finalized	Remove carry forward and resend email of revised final rate to BusMgr@generic and call districts	Wait for revised final rate via email
Certified	Remove carry forward before final rate sent	Wait for revised final rate via email
Adjustment in Progress	Remove carry forward	Wait until 7-30-09 to continue with adjustments
Preliminary	Remove carry forward	Begin adjustments on 7-30-09. No change in process

The carry forward calculation is one of the adjustments referred to in 34 CFR 75.560 and 76.560. The adjustment will be enhanced in the ICRS and be ready for use in the 2010-11 school year.

I will be at the OASBO Conference at Eagle Crest Resort and will be discussing and answering questions on this topic during the roundtable session. You may also contact me at kristy.hartsell@state.or.us or by phone at 503-947-5619.

***Thanks,
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