



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION




Eric G. Mackey, Ed.D.  
State Superintendent of Education

February 18, 2025

**MEMORANDUM**

**TO:** City and County Superintendents

**FROM:** Eric G. Mackey   
State Superintendent of Education

**SUBJECT:** Indirect Cost Proposal for Fiscal Year 2026 (10/1/2025-9/30/2026)

The U. S. Department of Education, Office of the Chief Financial Officer, Indirect Cost Group, has delegated the responsibility of establishing Alabama's Local Education Agency (LEA) Indirect Cost Rates to the Alabama State Department of Education and has approved and accepted the methodology.

The forms and instructions for compiling your indirect cost proposal are located on our Microsoft TEAMS channel, LEA Accounting and Reporting, Indirect Cost, Files. The 2024 General Purpose Financial Statements (GPFS) must be approved before application for the 2026 Indirect Cost Rates can be made.

Fixed rates with adjustment for the difference in estimated (2022 adjusted GPFS) and actual recovery (2024 adjusted GPFS) are to be established on an annual basis. The 2026 rate calculation pages reflect carry-forward adjustments. Any negative rate calculations were negotiated as 0% for 2024. Any excess negative rate calculations will not be carried forward in the 2026 calculation.

The 2026 Indirect Cost Proposals should be submitted as soon as possible, **but no later than March 15, 2025.**

A copy of the approved application will be sent to you.

Questions may be directed to your system accountant at (334) 694-4617.

EGM/NS/RB

cc: Chief School Financial Officers

FY25-3012

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