

December 8, 2017

**TO THE ADMINISTRATOR ADDRESSED:**

**SUBJECT: 2018–2019 Process for Requesting Indirect Cost Rates (Independent School Districts Only)**

By designating TEA as the cognizant agency for indirect costs, the US Department of Education (USDE) authorizes TEA to issue indirect cost rates to independent school districts (ISDs), open-enrollment charter schools, education service centers (ESCs), and certain other government entities that are educational in nature.

For fiscal year 2018–2019, TEA received a new delegation agreement from USDE that specifies the USDE-approved rate calculation methodology. In the new delegation agreement, the following provisions are mandated by USDE:

1. No indirect cost rate extensions are allowed, and all indirect cost rate extensions beyond 2017–2018 are rescinded. New rates must be calculated every fiscal year.
2. Three years of financial data must be used to calculate an indirect cost rate (for instance, to calculate rates for fiscal year 2018–2019, financial data from 2014–2015, 2015–2016, and 2016–2017 will be utilized).

**New Process for Requesting an Indirect Cost Rate for ISDs**

Effective with school year 2018–2019, ISDs must request an indirect cost rate each year by completing and submitting the **Indirect Cost Rate Proposal (ICRP) Additional Costs Workbook**. The deadline for submitting the workbook, and thus requesting an indirect cost rate, is **January 26, 2018**.

The submission of the **ICRP Additional Costs Workbook** serves as an ISD's request for an indirect cost rate. Rates will only be calculated for ISDs that submit a completed workbook. If the ISD does not submit a completed workbook, TEA will not calculate or issue a rate for that ISD for the 2018–2019 school year.

**ISD and PEIMS Data**

In the completed workbook, the ISD provides approximately 10% of the data required to complete the ICRP. The remaining 90% of the required data are drawn from the ISD's certified Public Education Information Management System (PEIMS) data.

TEA will populate an ICRP for each ISD that submits a workbook by merging PEIMS data with the ISD's submitted data. TEA will then provide each ISD with its completed ICRP for review and certification. Information regarding ISD certification of the completed ICRP will be provided in early 2018.

## Completing and Submitting the Workbook

The **ICRP Additional Costs Workbook** is available from any active link in this letter, from the [Indirect Cost Rates](#) page of the TEA website, or from the secure GFFC Reports and Data Collections application (accessible through [TEAL](#)).

Instructions for completing the workbook are available from the green “Instructions” icon in the upper right corner of each worksheet.

The **ICRP Additional Costs Workbook** includes one worksheet for each of the three fiscal years required to be included in the ICRP. Each of the three worksheets collects data TEA is unable to obtain from PEIMS, including the following:

- General governance and direct costs within function 41
- TRS On-Behalf payments and/or Medicare Part D payments
- Food and milk costs within a food service program

No analysis or classification of costs by the ISD will be required.

The ISD submits the workbook through the secure GFFC Report and Data Collections application. The workbook includes step-by-step upload instructions.

## 2018–2019 Indirect Cost Rate Timeline for ISDs

The following table lists milestones for the indirect cost rate request process.

| Date                    | Action   |
|-------------------------|--|
| December 8, 2017        | ICRP Additional Costs Workbook is made available via the Indirect Cost Rate webpage and the secure GFFC Reports and Data Collections application, accessible through TEASE/TEAL. |
| <b>January 26, 2018</b> | <b>Due date for ISDs to submit the ICRP Additional Costs Workbook requesting an indirect cost rate.</b>  |
| January-February 2018   | TEA reviews all submitted ICRP Additional Costs Workbooks and requests clarification and/or re-submissions, as needed.   |
| April 2018              | TEA provides completed ICRPs to ISDs for review and certification (due date for the certification will be announced in early 2018).  |
| June 2018               | Indirect Cost Rate notification letters posted in GFFC Reports and Data Collections, accessible through TEASE/TEAL.  |

## Resources

Please refer to the [Indirect Cost Rates](#) page of the TEA website for further information and additional resources regarding indirect cost rates.

## For Further Information

Should you have questions about the new indirect cost rate process and/or the new **ICRP Additional Costs Workbook**, please email [compliance@tea.texas.gov](mailto:compliance@tea.texas.gov).

Sincerely,

James Connolly, Senior Director  
Federal Fiscal Compliance and Reporting Division