

April 30, 2018

TO THE ADMINISTRATOR ADDRESSED:

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

As stated in the [December 8, 2017, To the Administrator Addressed letter](#) related to the new process for requesting indirect cost rates for fiscal year 2018–2019, TEA is implementing procedural changes as specified by USDE. In the new indirect cost rate delegation agreement, the following provisions are mandated by USDE:

- No indirect cost rate extensions are allowed, and all indirect cost rate extensions beyond 2017–2018 are rescinded.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.
- 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 must be utilized.)

New Process for Requesting an Indirect Cost Rate for Independent School Districts (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 (ACW)**. The deadline for submitting the workbook, and thus requesting an indirect cost rate, was January 26, 2018.

TEA did receive ICRP ACWs from the majority of ISDs in the state. The submission of the ICRP ACW serves as an ISD's request for an indirect cost rate. Rates will be calculated only for ISDs that submitted a completed ICRP ACW. If an ISD did not submit a completed ICRP ACW, TEA will not calculate or issue a rate for that ISD for the 2018–2019 school year.

ACW and PEIMS Data

In completing an ICRP ACW, an ISD provided approximately 10% of the data required to complete the ICRP. The remaining 90% of the required ICRP data has been drawn from the ISD's certified Texas State Data System/Public Education Information Management System (TSDS/PEIMS) data.

TEA has populated a completed ICRP for each ISD that submitted an ICRP ACW by merging TSDS/PEIMS data with the ISD's submitted ACW data. TEA has also uploaded the completed ICRPs for ISD review, approval, and certification.

Reviewing, Approving, and Certifying the ICRP

The **ICRP** is available in the secure GFFC Reports and Data Collections application (accessible through [TEAL](#)). ISDs are required to review the completed ICRP data and the calculated indirect cost rates contained within the ICRP.

Instructions for completing the ISD review/approval/certification process are available in the ICRP Certification Instructions document posted on the [Indirect Cost Rates](#) webpage. The Certification Instructions document will walk you through the ICRP review and will include instructions for how to certify and submit the **ICRP Certification**, the document which will serve as your approval of the final restricted and unrestricted indirect cost rates for 2018–2019. Additionally, if you have questions/concerns regarding the data and/or rate, the handbook will outline procedures for ISDs to follow.

2018–2019 Indirect Cost Rates for ISDs Timeline Summary

The following table lists the statuses of milestones for the indirect cost rate process steps:

Date	Action	Status
December 8, 2017	ICRP ACW is made available via the Indirect Cost Rate webpage and the secure GFFC Reports and Data Collections application, accessible through TEAL.	Completed
January 26, 2018	Due date for ISDs to submit the ICRP ACW requesting an indirect cost rate.	Completed
January–April, 2018	TEA reviews ICRP ACWs; requests clarification and/or re-submissions, as needed; and merges with TSDS/PEIMS data to create completed ICRPs.	Completed
April 27, 2018	TEA posts completed ICRPs in GFFC Reports and Data Collections for ISD review, approval, and certification.	Completed
May 18, 2018	Due date for ISDs to submit ICRP Certifications in GFFC Reports and Data Collections.	Next LEA step
July 1, 2018	Indirect Cost Rate notification letters posted in GFFC Reports and Data Collections, accessible through TEAL.	Final step pending

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

If you have questions about the new indirect cost rate process, please email compliance@tea.texas.gov.

Sincerely,

James Connolly, Senior Director
Federal Fiscal Compliance and Reporting Division