





January 19, 2024	Due date for ISDs to request an indirect cost rate for 2024–2025 by submitting the ICRP ACW.
May 17, 2024	Due date for ISDs to submit ICRP Certification in GFFC Reports and Data Collections.
July 1, 2024	Indirect Cost Rate notification letters posted by TEA in GFFC Reports and Data Collections, accessible through TEAL.

To understand how TEA calculates indirect cost rates, it is important to understand how actual costs must be classified into categories. Federal guidelines stipulate that all of your school district's actual costs must be classified into one of the four categories described in the following sections. Please note you must be consistent when classifying costs. For example, if you classify an item as a direct cost, a similar item used for the same purpose in another functional area must also be classified as a direct cost.

Excluded costs are those costs that are extraordinary or distorting. They cannot be used in the indirect cost rate calculation. Examples of excluded costs include, \_\_\_\_\_, the following:

- x Capital outlay (such as capitalized land, buildings, and improvements)
- x Items in a capital project fund, including items not considered capital (such as architectural fees)
- x All debt (inside or outside a debt service fund)
- x Federal subgrants to other entities (any costs over \$25,000 per year)
- x Payments to fiscal agents and member districts of shared service arrangements (except for payments made with federal funds of up to \$25,000 per year)
- x Pass-through funds to other entities (except the first \$25,000 of federal funds per year)
- x Food and milk
- x School Board (702)
- x Tax Office (703)
- x Terminal Leave
- x Contingencies (funds set aside for possible future expenses, such as lawsuit settlements or refunds to TEA)

Unallowable costs are those costs designated as unallowable in Title 2 of the Code of Federal Regulations (2 CFR) parts 200.420-476, General Provisions – Considerations for Selected Items of Cost. These are cost

- x Compensation of the employees who work on the program
- x Supplies and materials for the program
- x Equipment purchased and used for the program
- x Travel expenses incurred to carry out the program

As per 2 CFR 200.56, indirect (facilities and administrative) costs are those costs incurred for a common or joint purpose benefitting more than one cost objective that cannot be readily assigned to the cost objectives specifically benefitted without effort disproportionate to the results achieved. TEA uses indirect costs to calculate your district's indirect cost rate. Examples of indirect costs include the following:

- x Costs that benefit the entire organization, such as accounting and fiscal management, payroll, human resources, accounting, occupancy and space maintenance for agency-wide services, agency-wide strategic planning, and executive management, including the salaries and expenses of employees who perform these activities
- x Fixed costs of the employees related to indirect (facilities and administrative) costs, including retirement, unemployment compensation, health insurance costs, and contributions to fringe benefits

TEA uses this classification of actual costs to calculate an ISD's indirect cost rate. The calculation is based upon a simple ratio of your school district



Complete the following steps to submit your

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