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## Introduction

The purpose of this handbook is to give specific instructions on how to review, approve, and certify the Indirect Cost Rate Proposal (ICRP), which can be found in GFFC Reports and Data Collections in the folder titled **ICRP**. Once you certify and submit the **ICRP Certification** page, the ICRP will be considered the official document which will include your approved final restricted and unrestricted indirect cost rates for 2025–2026 school year.

## Process for Requesting an Indirect Cost Rate for Independent School Districts (ISDs)

Effective as of 2018–2019 school year, ISDs may 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 for 2025–2026 school year, is January 17, 2025.

The submission of the ICRP ACW serves as an ISD’s official request for an indirect cost rate. Rates will be calculated only for ISDs that submitted a completed ICRP ACW. If an ISD does not submit a completed ICRP ACW, TEA will not calculate or issue a rate for that ISD for the 2024–2025 school year.

TEA publishes the requested indirect cost rate for every school district by July 1 of each year. The indirect cost rates will be effective from July 1 of the year in which they are issued through June 30 of the following year.

Date	Action
January 17, 2025	Due date for ISDs to request an indirect cost rate for 2025–2026 by submitting the ICRP ACW.
May 16, 2025	Due date for ISDs to submit ICRP Certification in GFFC Reports and Data Collections.
July 1, 2025	Indirect Cost Rate notification letters posted by TEA in GFFC Reports and Data Collections, accessible through TEAL.

## ICRP

The ICRP will be uploaded in GFFC Reports and Data Collections by the Federal Fiscal Compliance and Reporting Unit (3.52.000007(8.624)(048)8107(ED)T(1)0T(2)1T(4)3T(6)

## **Classification of Costs**

To understand how TEA calculates indirect cost rates, it is important to understand how actual

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

### **Indirect Costs**

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:

- 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
- Fixed costs of the employees related to indirect (facilities and administrative) costs, including retirement, unemployment compensation, health insurance costs, and contributions to fringe benefits

### **Calculation of Indirect Cost Rates**

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's indirect costs to your modified total direct costs (MTDC).

The numerator in this ratio is your school district's indirect cost pool. The indirect cost pool is the total of all of your school district's indirect costs.

The denominator is your school district's MTDC base. The MTDC base is the total of all of your school district's direct costs and unallowable costs.

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Applying the discounting factor to the preliminary indirect cost rate results in the final indirect cost rate:

preliminary indirect cost rate × discounting factor = final indirect cost rate

Example: 6% (0.06) × 90% (0.9) = 5.4% (0.054)

## **Reviewing the ICRP**

The ICRP is an Excel form which has been converted to a PDF file. The following is a guide for

## **Submitting the Approved ICRP Certification to TEA**

Complete the following steps to submit your school district's completed ICRP Certification:

1. Log on to [TEA Login](#)

