November 28, 2016

TO THE ADMINISTRATOR ADDRESSED:

SUBJECT: School Year 2017–2018 (Fiscal Year 2018) Indirect Cost Rate Procedures for LEAs

In accordance with the Education Department General Administrative Regulations (EDGAR), including Title 2 of the Code of Federal Regulations (2 CFR) 200, TEA has established the deadlines for local educational agencies (LEAs) interested in obtaining a federal indirect cost rate for school year 2017–2018. The procedures for requesting a rate differ, depending on the LEA’s entity type.

**Independent School Districts and Education Service Centers**

Independent school districts (ISDs) and education service centers (ESCs) have two options for obtaining a school year 2017–2018 federal indirect cost rate, as follows:

- Make a one-time request to have a currently negotiated rate (that is, the rate for school year 2016–2017) extended, or
- Submit an Indirect Cost Rate Proposal (ICRP) to receive a rate for school year 2017–2018 only.

No current action is required of ISDs and ESCs that have an indirect cost rate extended through June 30, 2018, June 30, 2019, or June 30, 2020, based on a prior one-time request to extend indirect cost rates.

If you do not know the status of your LEA’s indirect cost rate, please review your LEA’s indirect cost rate documentation by logging on to GFFC Reports and Data Collections via the Texas Education Agency Security Environment (TEASE).

**Open-Enrollment Charter Schools**

Open-enrollment charter schools have two options for obtaining a school year 2017–2018 federal indirect cost rate:

- Make a one-time request to have a currently negotiated rate (that is, the rate for school year 2016–2017) extended, or
- Submit the SC5050 Request for Federal Funding and Indirect Cost Rate for Charter Schools to request a rate for school year 2017–2018 only.

Open-enrollment charter schools that have an indirect cost rate extended through June 30, 2018, June 30, 2019, or June 30, 2020, based on a prior one-time request to extend indirect cost rates, are still required to submit the SC5050 to request that an extended indirect cost rate for school year 2017–2018 be issued.
Restrictions Applicable to One-time Requests for Rate Extension

The one-time rate extension is designed to minimize administrative burden on LEAs. It is authorized by 2 CFR 200.414(g).

The following restrictions apply to the LEA’s one-time request for an extension of the school year’s current negotiated indirect cost rate:

- Only LEAs with a 2016-2017 currently negotiated rate may request a rate extension (that is, the LEAs 2016-2017 currently negotiated rate is based on the 2016-2017 ICRP).

- LEAs that extended their school year 2014–2015 or 2015-2016 indirect cost rate through June 30, 2017, are ineligible to request another rate extension. To receive a rate for school year 2017–2018, the LEA must submit either an ICRP (ISDs or ESCs) or SC5050 (open-enrollment charter schools).

- LEAs that extended their school year 2014–2015 or 2015-2016 indirect cost rate beyond 2017 already have their rate for school year 2017–2018 and therefore no further indirect cost rate documentation is required.

Accessing Indirect Cost Rate Documents

The Indirect Cost Rates page of the TEA website includes links to the following:

- ICRP Workbook and guidance handbook, for ISDs to use in requesting an indirect cost rate for school year 2017-2018, and
- The form for LEAs to use in requesting a one-time indirect cost rate extension for school year 2017–2018.

Both documents are also accessible through through the GFFC Reports and Data Collections secure application, accessed via TEASE.

Submission Deadlines

In accordance with 2 CFR Part 200, TEA establishes deadlines based on the LEA’s fiscal year end date. TEA as the cognizant agency for indirect costs is authorized to extend and/or make exceptions to the established deadlines. The following table lists the deadlines for all LEAs to submit the one-time indirect cost rate extension request and for ISDs and ESCs to submit the ICRP.

<table>
<thead>
<tr>
<th>LEA’s Fiscal Year End Date</th>
<th>Deadline for Submitting the One-Time Request for Extension</th>
<th>Deadline for ISDs and ESCs to Submit the ICRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>Extended from November 1, 2016 to December 30, 2016</td>
<td>Extended from December 30, 2016 to February 28, 2017</td>
</tr>
<tr>
<td>August 31, 2016</td>
<td>December 30, 2016</td>
<td>February 28, 2017</td>
</tr>
</tbody>
</table>

Note that for open-enrollment charter schools, the SC5050 Request for Federal Funding and Indirect Cost Rate for Charter Schools will become available in eGrants in February 2017 and is due in April 2017. A separate To The Administrator Addressed letter will notify open-enrollment charter schools of the availability of the SC5050 and the deadline to submit the SC5050 to request a rate for school year 2017–2018.
TEA is currently in the process of negating a new indirect cost rate delegation agreement/LEA plan with USDE. Depending on the outcome of the negotiation, the processes and procedures for requesting an indirect cost rate by LEAs, and the issuance of the indirect cost rates by TEA, may change. Any changes will effect school year 2018-2019 rates and beyond. TEA will keep LEAs informed as to the status of the negotiations.

**How to Access to GFFC Reports and Data Collections**

If you need to request access to GFFC Reports and Data Collections, please see details on our [TEA Secure Applications page](#).

If you already have a TEASE account:

1. Log on to [TEASE](#) and click the **Add/Modify Application Access** button near the top right corner of the TEASE Application List screen.
2. From the dropdown menu, select **GFFC Reports and Data Collections**.
3. Click **Continue**.
4. Select the appropriate role, **LEA** or **ESC**.
5. On the next screen, click **Send Request**.

If you do not have a TEASE account, begin at the [Request New TEASE User Account page](#) and enter your personal data before being directed to the steps above.

Your access request must be approved by the superintendent or designated official and then by TEA. It takes approximately one week for TEA to process the approved access request.

**For Further Information**

If you have any questions about obtaining an indirect cost rate for school year 2017–2018, please email [compliance@tea.texas.gov](mailto:compliance@tea.texas.gov).

Sincerely,

Ed Santiago, Senior Director  
Federal Fiscal Compliance and Reporting Division