# Maximum Indirect Costs Worksheet

With input from the grantee, this worksheet automatically calculates the **maximum** that may be claimed in indirect costs for a grant administered by TEA. Any amount calculated for indirect costs is an estimate only. Indirect costs are claimed based on actual expenditures declared on the expenditure reporting system, regardless of whether you have included indirect costs on the Program Budget Summary in the original application or amendment.

Complete the worksheet as follows:

* Yellow indicates a cell where input is required. After entering input, tab to the next yellow cell.
* Light gray indicates a table cell where an automatic calculation takes place; no input is required.
* Dark gray indicates a table cell that corresponds to instructions; no input is required.

For a tabular view of all exclusions by grantee type, refer to Table A: Costs That Must Be Excluded from the Indirect Cost Calculation, following this worksheet.

This worksheet is based on guidance from OMB circulars A-21, A-87, and A-122; US Department of Education *Cost Allocation Guide for State and Local Governments;* and the Texas Financial Accountability System Resource Guide, Financial Accounting and Reporting, January 2010. Other costs than those listed may apply; refer to the preceding guidance.

| **#** |  | **Description** | | **Amount** |
| --- | --- | --- | --- | --- |
| 1. |  | Enter the total costs budgeted for the grant program: | | $0.00 |
| 2. |  | Refer to the Restricted and Unrestricted Indirect Cost Rates section of the Indirect Cost Handbook, posted on the [Administering a Grant](http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Administering_a_Grant/) page of the TEA website, to determine whether to use the restricted or unrestricted rate.  If you must use a restricted rate and the following costs are budgeted in your application, enter the budgeted amount.  If you must use an unrestricted rate, enter 0. | |  |
|  | a. | | Function 51, 6100-6400: Operations and plant maintenance related to performance of the grant | $0.00 |
| 3. |  | Line 2a is subtracted from line 1 and the result entered here. This is your total budgeted cost less restricted rate exclusions. | | $0.00 |
| 4. |  | The total budgeted cost less restricted rate exclusions includes costs that all grantees must exclude from the indirect cost calculation. If the following costs are budgeted in your application, enter the budgeted amount(s) on lines 4a–4e: | |  |
|  | a. | | The portion of each subcontract**\*** that is in excess of $25,000 (6219) | $0.00 |
|  | b. | | Subgrants,**\*** regardless of dollar amount (6290) | $0.00 |
|  | c. | | Debt service (6500) | $0.00 |
| 4. | d. | | Capital outlay (6600) | $0.00 |
|  | e. | | Building purchase, construction, or improvements (6620) | $0.00 |
| 5. |  | The excluded costs listed in lines 4a–4e are added and their total entered here. | | $0.00 |
| 6. |  | Line 5 is subtracted from line 3 and the result entered here.  **ISDs, ESCs, and *all* open-enrollment charter schools will use this result as their modified total direct cost. Skip to line 13, where this result is entered.** | | $0.00 |
| 7. |  | IHEs and NPOs must exclude additional costs.  If you are one of those entity types and the following costs are budgeted in your application, enter the budgeted amount(s): | |  |
|  | a. | | Rental or lease of buildings, space in buildings, or land (6269) | $0.00 |
|  | b. | | Scholarships or fellowships (6200)  **NOTE: For NPOs, this is not an allowable cost for federal grants.** | $0.00 |
| 8. |  | The additional excluded costs listed in line 7a–7b are added and their total entered here. | | $0.00 |
| 9. |  | Line 8 is subtracted from line 6 and the result entered here.  NPOs will use this result as their total modified direct cost. Skip to line 13, where this result is entered | | $0.00 |
| 10. |  | IHEs must exclude a final additional cost.  If you are an IHE and the following cost is budgeted in your application, enter the budgeted amount: | |  |
|  | a. | | Tuition remission (6100) | $0.00 |
| 11. |  | Line 10a is subtracted from line 9 and the result entered here.  IHEs will use this result as their total modified direct cost. Skip to line 13, where this result is entered. | | $0.00 |
| 12. |  | **YOUR TOTAL MODIFIED DIRECT COST (from line 6, 9, or 11):** | | $0.00 |
| 13. |  | Refer to the Limit on Indirect Costs section of the Indirect Cost Handbook, posted on the [Administering a Grant](http://tea.texas.gov/Finance_and_Grants/Grants/Administering_a_Grant/Administering_a_Grant/) page of the TEA website, to determine whether to use a limited indirect cost rate. Enter the rate here as a decimal value (3.161% = 0.03161; 17.51% = 0.1751): | | 0.00% |
| 14. |  | Line 13 is multiplied by line 14. The cents are dropped (not rounded up) and the result entered here. This is the maximum in indirect costs that you may claim for the grant. | | $0.00 |

\* Subcontracts and subgrants may be primarily distinguished as follows:

* A contract obligates a vendor or service provider (contractor) to furnish goods or services to the buyer, who pays for and benefits from them. If the contract is for services, they are usually of a kind that the buyer would perform for itself if it had the resources. These are commonly referred to as third-party contracts.
* A grant is an agreement between an awarding agency (grantor) and a recipient of funds (grantee). The goods and services purchased with grant funds do not benefit the grantor. Instead, the funds provided by the grantor benefit the grantee, along with any grant program participants who receive program benefits. In this case, the TEA grantee (the ISD, ESC, charter school, IHE, or NPO) becomes the grantor if it awards an allowable subgrant to another organization, e.g., an IHE awards a subgrant to an LEA as part of the TEA grantee’s funded project.

For a detailed description of the characteristics of grantees versus those of contractors, refer to OMB Circular A-133, Subpart B, § \_\_\_.210, Subrecipient and vendor determinations.

# Table A: Costs That Must Be Excluded from the Indirect Cost Calculation

The excluded costs listed here are referenced in the applicable OMB circulars and in the US Department of Education *Cost Allocation Guide for State and Local Governments*.

| Items of Cost | OMB Circular A-87 and *Cost Allocation Guide for State and Local Governments*:  School districts, ESCs, *all* open-enrollment charter schools, and governmental entities | | OMB Circular A-122 and *Cost Allocation Guide for State and Local Governments*:  Nonprofit organizations | | OMB Circular A-21 and *Cost Allocation Guide for State and Local Governments*:  Educational institutions, i.e., institutions of higher education | |
| --- | --- | --- | --- | --- | --- | --- |
| **Type of Rate** | | **Type of Rate** | | **Type of Rate** | |
| **Restricted** | **Unrestricted** | **Restricted** | **Unrestricted** | **Restricted** | **Unrestricted** |
| **6100—Payroll**  Exclude: Tuition Remission |  |  |  |  | **X** | **X** |
| **6200—Professional and Contracted Services**  Exclude:  **6269** - Rental or lease of buildings, space in buildings, or land |  |  | **X** | **X** | **X** | **X** |
| **6200**- Scholarships and Fellowships |  |  | **X**  **(Unallowable for**  **Federal Grants)** | **X**  **(Unallowable for**  **Federal Grants)** | **X** | **X** |
| **6219** - The portion of each subcontract in excess of $25,000 | **X** | **X** | **X** | **X** | **X** | **X** |
| **6290** - Subgrants, regardless of dollar amounts | **X** | **X** | **X** | **X** | **X** | **X** |
| **6500—Debt Service** Exclude: All costs in this category must be excluded prior to calculating indirect costs | **X** | **X** | **X** | **X** | **X** | **X** |
| **6600—Capital Outlay** Exclude: All costs in this category must be excluded prior to calculating indirect costs | **X** | **X** | **X** | **X** | **X** | **X** |
| **6620—Building Purchase, Construction, or Improvements** Exclude: All costs in this category must be excluded prior to calculating indirect costs | **X** | **X** | **X** | **X** | **X** | **X** |
| **Org 701 – Office of the Superintendent** Exclude: All costs in this category must be excluded prior to calculating indirect costs | **X** |  | **X** |  | **X** |  |
| **Function 51, 6100-6400 – Operations and Maintenance of Plant** Exclude: All costs in this category must be excluded prior to calculating indirect costs | **X** |  | **X** |  | **X** |  |

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