INDIRECT COST RATE PROPOSAL ADDITIONAL COSTS WORKBOOK

INSTRUCTIONS FOR INDEPENDENT SCHOOL DISTRICTS

COMPLETING THE
ADDITIONAL COSTS WORKBOOK
TO ESTABLISH AN INDIRECT COST RATE

Introduction

Effective as of school year 2018–2019, independent school districts (ISDs) may request an indirect cost rate each year by completing and submitting the Indirect Cost Rate Proposal (ICRP) Additional Costs Workbook (ACW). TEA has developed these instructions to help ISDs complete the ICRP ACW to establish an indirect cost rate. This submitted workbook will provide approximately 10% of the data required in a completed ICRP. TEA will obtain approximately 90% of the data needed to populate the ICRP from an ISD's certified Public Education Information Management System (PEIMS) data. TEA will populate an ICRP for each ISD that submits an ICRP ACW by merging PEIMS data with data submitted by the ISD via the Additional Costs Workbook. TEA will then provide the completed ICRP to ISDs for review and certification.

TEA is requesting this additional data because it is required for the indirect cost rate calculation and cannot be obtained through the PEIMS system. Most of the expenditure data requested in the ICRP ACW are considered excluded costs for the indirect cost rate calculation. Leaving these costs in the calculation distorts the expenditure base, resulting in a rate much lower than it should be.

ICRP ACW

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 submit a completed ICRP ACW. If the 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.

The due date to submit the **ICRP ACW** is **January 19, 2024**. Once submitted, TEA will merge the workbook data with the PEIMS data to produce the completed ICRP which will be made available to ISDs. The final step for ISDs will be review and certification of the complete ICRP.

Completing the ICRP ACW

Tab 1: LEA Information and Certification of Additional Costs

Enter the following information for the ISD to certify that all submitted data is true and accurate. Once the name of the ISD has been selected in the pulldown field titled *Name of LEA*, it will populate to the header of each worksheet.

- Name of LEA
- County-District Number (CDN) – CDN will populate once an LEA name is selected
- Name of Primary Contact (person completing the worksheet)
- Title
- Phone Number
- Email
- Date of completion/submission

Tabs 2–3: Organizational Chart Sample and Requirement

The Organizational Chart Sample tab contains an example of the kind of organizational (org) chart that ISDs must submit for fiscal year 2023.

The Organizational Chart tab is where ISDs will insert (paste) their org chart for fiscal year 2023 (school year 2022–2023). The org chart must support the Chief Executive Officer Information on the Additional Costs FY 23 tab. There are several ways to paste the org chart into Excel; however, to avoid pixelation or distortion of the chart, please follow the directions for PDF files below:

- Open the PDF org chart
    - Go to “File”
    - Click “Save As”
    - Choose a location where you want the file to save, i.e. Desktop
    - Save as type: “JPEG (*.jpg, *jpeg, *.jpe)”
- Open ICRP ACW (if it’s not opened already)
    - Click on the Organizational Chart tab
    - Click “Insert” next to “Home”
    - Click “Picture”
    - Look for the JPEG Org Chart file you just saved and click it
    - Click “Insert”
    - Adjust the org chart (if needed)

Tab 4: Additional Costs Worksheet for FY 2023

There is one Additional Costs Worksheet for fiscal year 2023 which will be included in the ICRP. If the ISD submitted an ICRP ACW for school year 2023–2024, TEA has retained the two previous years of fiscal data reported to be included in the indirect cost rate calculation.

If the ISD did not submit an ICRP ACW for school year 2023–2024, then the ISD will be required to submit three years of additional costs data. Then in subsequent years, the ISD will be required to provide only one year of additional costs data (if requesting rates consecutively year-to-year). If this is the case, please contact the FFCR Division at compliance@tea.texas.gov for further instructions.

To retrieve most of the requested information, ISDs should run queries within their financial accounting system for the appropriate fund, function, object, and fiscal year codes for the data requested. A staff member familiar with accounting system queries should complete the workbook. No cost analysis or classification of costs is required of the ISD.

Please complete all sections in full. Leaving a section blank could result in the ISD not receiving an indirect cost rate due to incomplete information. If there are no costs to report in a section, indicate $0.00 as the expenditure amount.

Instructions for Completing the Additional Costs Tab 4

Function 41 - General Governance and Direct Costs

To complete this section:

- Enter all expenditures for the applicable fiscal year for org codes 702, 703, and 720 – by the appropriate fund, function, and object codes as requested in the worksheet. Please exclude obj 6144 as it will be calculated separately on the next section.

Except for excluded costs and org 720 direct costs, expenditures within Function 41 are treated as indirect costs for the indirect cost rate calculation.

When calculating indirect cost rate, expenditures within Function 41 are treated as follows:

- Org 702 School Board – Excluded
- Org 703 Tax Office – Excluded
- Org 720 Direct Costs – Direct Costs

TRS On-Behalf Payments AND/OR Medicare Part D Payments

To complete this section:

- Enter all expenditures for the applicable fiscal year by the appropriate fund, function, and object (6144) codes as requested in the worksheet.

These payments are considered excluded costs in the indirect cost rate calculation.

Food and Milk Costs of Food Service Program

To complete this section:

- Enter all expenditures for the applicable fiscal year by the appropriate fund, function, and object (6341) codes as requested in the worksheet.

These expenditures are considered excluded costs in the indirect cost rate calculation.

Depreciation Expense Amounts

To complete this section:

- Enter the total depreciation charged to Governmental Funds which includes expense amounts charged to governmental activities for both buildings/improvements and furniture/equipment/vehicles.

- This information can be found in the *Notes to the Financial Statements* section of your district's Annual Financial and Compliance Report (AFR), under "Capital Assets" or "Capital Asset Activity" and under "Increases."

See Appendix I for more information and an example of depreciation expenses.

Payments to Fiscal Agent/Member Districts of Shared Services Arrangements (SSAs)

To complete this section:

From the pulldown list, select ***yes*** or ***no*** to the question "Did the LEA make payments to a fiscal agent and/or member district of an SSA funded with federal grant funds from FN 93?". (This question is asking about payments from **federal** grant funds. Some districts participate in non-federally funded SSAs.)

- If "**no**," this section is complete.
- If "**yes**," enter all payments made to fiscal agents and/or member districts of an SSA, for federally-funded SSAs.

The payments made up to the first $25,000 are considered direct costs and the excess are considered excluded costs in the indirect cost rate calculation.

See Appendix II for more information on SSAs and federal subrecipient items.

Federal Subrecipient Items
Federal Subgrants and Federal Grant Pass-Through Funds (report only federal funds)

To complete this section:

- From the pulldown list, select ***yes*** or ***no*** to the question "Did the school district distribute federal grant funds as a subgrant or as federal grant pass-through funds?".
  - If "**no**," this section is complete.
  - If "**yes**," complete this section by providing the requested details on the subrecipient items.
  - Do not include subgrants or subcontracts that are $25,000 or less, and do not include the first $25,000 of payments in subgrants or subcontracts that are greater than $25,000, i.e. Total subgrant $60,000 - $25,000 = You will record $35,000 for this subgrant).

Note: ISDs will not have subgrants or grant pass-through funds on educational grants. ISDs may have subgrants or grant pass-through funds on non-educational grants awarded by another agency. TEA does not expect to see items entered in this section, unless an ISD has issued a subgrant for their food service program.

The first $25,000 (that you do not record here) of the expenditures are considered direct costs and the excess are considered excluded costs in the indirect cost rate calculation.
See Appendix II for more information on SSAs and federal subrecipient items.

Contingencies

To complete this section:

- Enter all expenditures for any contingencies the ISD has within its total governmental expenditures.

Contingencies are funds set-aside for possible future expenses, such as lawsuit settlements or refunds to TEA. An example of a contingency is a monetary judgment against the district.

Chief Executive Officer Information

To complete this section:

- Enter all expenditures for Chief Executive Officers and their immediate support person(s) – state/local salaries and fixed costs by function and position name.

In this section, the ISD enters costs related to the superintendent and chief executive officers within the school district. The costs associated with these positions (facilities and administrative) are indirect costs when paid with state/local funds. However, when calculating the restricted indirect cost rate, these costs must be moved from the indirect cost pool to the modified total direct costs (MTDC) base in the restricted rate calculation.

The positions that must be reported in this section, and which correspond to the submitted org chart, include:

- The superintendent
    - The immediate employee (or employees) who serve as the executive and/or administrative assistant to the superintendent
- All staff members who act as CEOs of any component of the school district, regardless of their actual titles (must include members of your district-wide strategic planning and/or executive management team or superintendent's cabinet). *Note: A component is an organizational unit that benefits the entire school district. On a school district's organizational chart, CEOs are generally one level below the superintendent, although in large districts, CEOs may be two levels below the superintendent. They generally hold job titles such as assistant superintendent, deputy superintendent, chief financial officer, and human resource executive director.*
    - The immediate employee (or employees) who serve as the executive and/or administrative assistant to CEOs

For each position, provide the following information:

- Select the function code from the pulldown list from which the indirect salary/fixed costs are paid
- The position title
- The salary amount paid from state/local funds
- The fixed costs amount paid from state/local funds
- The staff count for the position*

**If the position is funded from multiple functions, enter multiple line items for the position and enter only 1 on one line item under staff count (Number of Positions).*

The indirect (facilities and administrative) costs associated with these positions include the following:

- Salaries classified as indirect costs on the U-1
- Fixed costs classified as indirect costs on the U-1
    - Fixed costs are the costs your school district pays for fringe benefits and similar costs associated with employment, including the following:
        - Employee retirement matching
        - Federal Insurance Contributions Act (FICA) matching
        - Pension fund payments
        - Premium expenditures for health insurance and liability insurance
        - Unemployment compensation
        - Unused leave (for separating employees)
- The associated percentage of indirect (facilities and administrative) costs

In addition to the completion of this section, the ISD is required to submit the school year 2022–2023 org chart to be included in the workbook. TEA will review and verify that the org chart supports the position titles and details entered in this section. Please see the Organizational Chart worksheet (Tabs 2 & 3) for further information and an example.

Terminal Leave

To complete this section:

- From the pulldown list, select ***yes*** or ***no*** to the question "Did the LEA make payments to one or more departing employees for terminal leave?".
    - If "**no**", this section is complete.
    - If "**yes**", provide the requested expenditure information for each employee by indicating the fund, function, and object codes from which the payment was made, as well as the name, job title, and location of the employee.

Most ISDs do not have terminal leave expenditures because most do not provide formal vacation leave. Terminal leave payments are amounts paid to departing employees outside of normal routine payments for either the accumulation of vacation leave or as part of an employment contract.

Submitting the ICRP ACW

Complete the following steps to submit your ISD's completed ICRP ACW to TEA:

1. Log on to the TEA Login, (TEAL).
2. Select GFFC Reports and Data Collections.
3. Select Upload Response Documents.
4. From the "Response Template Title" pulldown menu select ICRP ACW (must be submitted in Excel format).
5. Select Response Document from the "Response Doc Type" pulldown menu.

6. Select the school year for which you are requesting an indirect cost rate from the "School Year" pulldown menu. If you are submitting an ACW in the fall of 2023 or spring of 2024, **select the 2024–2025 school year.**
7. Select Upload Document.

Appendix I - Depreciation of Governmental Capital Assets

The information needed to complete the *Depreciation Expense Amounts* section can be found in the *Notes to the Financial Statements* section of your district's Annual Financial and Compliance Report (AFR), under "Capital Assets" or "Capital Asset Activity" and under "Increases."

The ISD must enter the total accumulated depreciation amount which will include:

- The total depreciation costs of buildings and improvements *minus* any depreciation costs for buildings and improvements paid with federal funds.
- The total depreciation costs of furniture and equipment and vehicles *minus* any depreciation costs for furniture and equipment and vehicles paid with federal funds.

The **Total Costs** for both buildings/improvements and furniture/equipment/vehicles cannot exceed the net depreciation amounts listed for the assets as reported in the *Notes to the Financial Statements* section. (Exception: the only scenario in which the total depreciation costs can exceed the amount reported in the notes section is if your district has capital assets within the food service enterprise fund, and you have added the depreciation costs of these assets to the depreciation costs of the governmental assets.)

Example:

Capital asset activities during the year ended were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 2,892,151	$ 5,048	$ -	$ 2,897,199
Constuction in Progress	151,809	9,550,379	-	9,702,188
Total Capital Assets not being Depreciated	$ 3,043,960	$ 9,555,427	$ -	$ 12,599,387
Capital Assets being Depreciated:				
Buildings and Improvements	$ 108,878,375	$ 286,080	$ -	$ 109,164,455
Equipment	669,523	207,330	-	876,853
Vehicles	1,825,315	259,074	-	2,084,389
Total Capital Assets being Depreciated	$ 111,373,213	$ 752,484	$ -	$ 112,125,697
Less Accumulated Depreciation for :				
Buildings and Improvements	$ 21,625,039	$ 2,844,863	$ -	$ 24,469,902
Equipment	486,043	55,910	-	541,953
Vehicles	706,863	195,623	-	902,486
Total Accumulated Depreciation	$ 22,817,945	$ 3,096,396	$ -	$ 25,914,341
Total Capital Assets being Depreciated, Net	$ 88,555,268	$ (2,343,912)	$ -	$ 86,211,356
Governmental Activities Capital Assets, Net	$ 91,599,228	$ 7,211,515	$ -	$ 98,810,743

Depreciation was charged to governmental activities functions as follows:

Instruction	$ 1,612,047
Instructional Resources and Media Services	25,237
Instructional Leadership	25,237
School Leadership	126,195
Guidance, Counseling and Evaluation Services	50,479
Health Services	25,237
Student (Pupil) Transportation	306,481
Food Services	178,476
Cocurricular/Extracurricular Activities	230,242
General Administration	138,385
Plant Maintenance and Operations	319,059
Data Processing Services	59,321
Total	$ 3,096,396

Appendix II: SSAs and Federal Subrecipient Items

This appendix is designed to help you complete the *Payments to Fiscal Agent/Member Districts of Shared Services Arrangements (SSAs) and Federal Subrecipient Items* sections in the Additional Costs Worksheet by identifying which of your ISD's monetary distributions to other entities must be included.

A subrecipient item is the disbursement of federal grant funds by the ISD to another entity to carry out a portion (or all) of a federal grant program. A subrecipient is the entity to which you distribute funds in a subgrant. The fiscal agent of an SSA is considered a subrecipient. For this Additional Cost Worksheet, we have separated SSAs from Federal Subrecipient Items to define costs.

In the *Payments to Fiscal Agent/Member Districts of Shared Services Arrangements (SSAs)* section, enter the full payment amount to the fiscal agents and member districts of SSAs (consortiums or cooperatives).

In the *Federal Subrecipient Items* section, enter federal grant fund amounts your ISD distributed that are related to the following:

- Subgrants greater than $25,000 (considered *major* subgrants)
    - ISDs **will not** have subgrants on educational grants
    - ISDs **may have** subgrants on non-educational grants awarded by another agency (*Example: A school district is awarded US Department of Agriculture's National School Lunch Program grant. The district hires an outside company to provide food services for the district. The company manages the technical and administrative aspects of the food service program and is responsible for the funds and fulfilling the terms of grant.)*

- Other pass-through funds (funds given to other entities that are not fiscal agents or member districts of SSAs)

For the ICRP, TEA is only concerned with *major* subgrants and has adopted the accepted definition that a major subgrant is one that exceeds $25,000 in expenditures per year. For this reason, do not include subgrants or subcontracts that are less than $25,000, and do not include the first $25,000 of payments in subgrants or subcontracts that are greater than $25,000. Unlike other entities to whom your school district may provide funds, a subrecipient is responsible for managing the technical and administrative aspects of the work your school district delegated to that subrecipient. The subrecipient assumes responsibility for the project's proposal of work and its outcomes. The following are other characteristics of a subrecipient:

1. Determines who is eligible to receive federal financial assistance
2. Has its performance measured against whether or not the objectives of the federal program are met
3. Has responsibility for programmatic decision-making
4. Has responsibility for adherence to applicable federal program compliance requirements
5. Uses the federal funds to carry out a program for the organization, as compared to providing goods or services for a program of the pass-through entity

Refer to 2 Code of Federal Regulations (CFR) §200.331, Subrecipient and contractor determinations, for more information.

Contracted Service Providers

Many districts distribute funds to contracted service providers that provide consulting or technical services. Often, school districts will consider these distributions a subaward, subcontract, or subgrant; however, this arrangement is actually procurement of contracted services. These entities ***are not considered subrecipients****,* and payments to them ***must not*** be included in the subrecipient items tab of the ICRP.

An ISD that hires a contracted service provider incurs the administrative costs that are normally associated with fulfilling the objectives of a program.

The following additional characteristics of contracted service providers are found in 2 CFR §200.331, Subrecipient and contractor determinations:

1. Provides the goods and services within normal business operations.
2. Provides similar goods or services to many different purchasers.
3. Operates in a competitive environment.
4. Provides goods or services that are ancillary to the operation of the federal program.
5. Is not subject to compliance requirements of the federal program.

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