

Universal Errata (February 11, 2025)

Maximum Indirect Costs for Federal and State Education Grants

Description of Change

The following errata is issued as it relates to maximum allowable indirect costs for education grants issued by the Texas Education Agency (TEA).

On April 22, 2024, the federal Office of Management and Budget (OMB) released revisions to 2 CFR part 200, the Uniform Grant Guidance (UGG). This final rule was adopted in late June 2024 by the U.S. Department of Education (USDE) into its Education Department General Administrative Regulations (EDGAR) with an effective date of October 1, 2024, or after, for new federal awards. The OMB revisions included limited changes regarding indirect cost rates. Per the UGG, federal agencies and pass-through entities must accept approved negotiated indirect cost rates for subrecipients.

TEA retains the authority to limit direct administrative costs on grants but will not limit indirect costs on any grant unless indirect cost is restricted by authorizing program statute.

Indirect costs are not required to be budgeted in the grant application in order to be charged to the grant. Indirect costs are calculated and reimbursed based on actual expenditures when reported in the expenditure reporting system, regardless of the amount budgeted and approved in the grant application. It is not necessary to submit an amendment solely for the purpose of budgeting indirect costs. Be careful not to overcharge indirect costs throughout the grant period as it is only calculated by the Expenditure Reporting (ER) system on the Final Expenditure Report.