



# Bureau of Indian Education Basics: Calculating Administrative Cost Grant Funding Process

Presenter:

Dr. Joe Herrin

*Financial Systems Specialist*

*Bureau of Indian Education*

*Washington, DC*

*May 28, 2015*

# Presentation Overview

- **Statutory Authority**
- 25 U.S.C. 450 (The Indian Self-Determination and Education Assistance Act), 88 Stat. 2203, P.L. 93-638, P.L. 100-472; 102 Stat. 2285, P.L. 103-413 and 25 U.S.C. 2501 et seq. (*The Tribally Controlled Schools Act of 1988*), 102 Stat. 385, P.L. 100-297, as amended.
- **Regulations**
  - 25 Code of Federal Regulations
- **Program Overview**
  - Overview of the Process
- **Additional Resources**



# BEFORE ADMINISTRATIVE COST GRANTS

*Historic funding of administrative cost from contract support funds. Funding came from BIA.*

Transfer from Contract Support to Administrative Cost Grants to effect the provision of law requiring that schools operated under contracts or grants receive indirect costs based on a formula rather than on the basis of indirect cost rates or lump sum agreements. [1991 Budget Justification]

# STATUTORY AUTHORITY

- 25 U.S.C. 2001-2020 (*The Education Amendments Acts of 1978*) 92 Stat. 2143, P.L. 95-561, as amended.
- SEC. 1128. (a) (2) (D) overhead costs associated with administering contracted education functions.
- SEC. 1129 (c) Funds for self-determination grants under section 104(a)(2) of the Indian Self-Determination and Education Assistance Act 25 USC 450h shall not be used for providing technical assistance and training in the field of education by the Bureau unless such services are provided in accordance with a plan, agreed to by the tribe or tribes affected and the Bureau, under which control of education programs is intended to be transferred to such tribe or tribes.....

# STATUTORY AUTHORITY

- 25 U.S.C. 450 (The Indian Self-Determination and Education Assistance Act), 88 Stat. 2203, P.L. 93-638.
- 25 U.S.C. 2501 et seq. (*The Tribally Controlled Schools Act of 1988*), 102 St at. 385, P.L. 100-297, as amended.

Authorized P.L. 100-297 Grants;

Authorized Administrative Cost Grants;

Authorized Administrative Cost Grant Formula

# STATUTORY AUTHORITY

- 20 U.S.C. 7401 et seq. (*The No Child Left Behind Act of 2001*), P.L. 107-110, Authorized through 2007.
- 25 U.S.C. 2008 (*The “Choctaw Amendment*), P.L. 101-301.

# **PUBLIC LAW 101-301—MAY 24, 1990**

## **104 STAT. 209**

(f) Subsection (d) of section 1128A of the Education Amendments of 1978 (25 U.S.C. 2008a(d)) is amended by adding at the end thereof the following new paragraph:

"(4) In applying this section and section 106 of the Indian Self-Determination and Education Assistance Act with respect to an Indian tribe or tribal organization that—

"(A) receives funds under this section for administrative costs incurred in operating a contract school or a school operated under the Tribally Controlled Schools Act of 1988,

# **PUBLIC LAW 101-301—MAY 24, 1990**

## **104 STAT. 209**

And "(B) operates one or more other programs under a contract or grant provided under the Indian Self-Determination and Education Assistance Act, the Secretary shall ensure that the Indian tribe or tribal organization is provided with the full amount of the administrative costs, and of the indirect costs, that are associated with operating the contract school, a school operated under the Tribally Controlled Schools Act of 1988, and all of such other programs, except that funds appropriated for implementation of this section shall be used only to supply the amount of the grant required to be provided by this section."



# APPROPRIATIONS

- H.R. 3547, Public Law 113-76, *the Consolidated Appropriations Act, 2014*, for the fiscal year ending September 30, 2014.
- H.R. 83, Public Law 113-235, *the Consolidated and Further Continuing Appropriations Act*, through September 30, 2015.

# APPROPRIATION LANGUAGE

*Provided further, That notwithstanding any other provision of law, including but not limited to the Indian Self-Determination Act of 1975, as amended, and 25 U.S.C. 2008, not to exceed \$48,253,000 within and only from such amounts made available for school operations shall be available for administrative cost grants associated with ongoing grants entered into with the Bureau prior to or during fiscal year 2014 for the operation of Bureau-funded schools,*

# ADMINISTRATIVE PROVISION

Notwithstanding any other provision of law, including section 113 of title I of appendix C of Public Law 106–113, if in fiscal year 2003 or 2004 a grantee received indirect and administrative costs pursuant to a distribution formula based on section 5(f) of Public Law 101–301, the Secretary shall continue to distribute indirect and administrative cost funds to such grantee using the section 5(f) distribution formula. [Calculated Need and Contract Support Rate]

# REGULATIONS

- 25 CFR PART 44--GRANTS UNDER THE TRIBALLY CONTROLLED SCHOOLS ACT

[Addresses grant eligibility and miscellaneous provisions]

# “SEC. 1128. ADMINISTRATIVE COST GRANTS - DEFINITIONS

- “(1) ADMINISTRATIVE COST.—
- “(A) IN GENERAL.—The term ‘administrative cost’ means the cost of necessary administrative functions which—
- “(i) the tribe or tribal organization incurs as a result of operating a tribal elementary or secondary educational program;
- “(ii) are not customarily paid by comparable Bureau-operated programs out of direct program funds;  
and

# **“SEC. 1128. ADMINISTRATIVE COST GRANTS - DEFINITIONS**

- “(iii) are either—
  - “ (I) normally provided for comparable Bureau programs by Federal officials using resources other than Bureau direct program funds; or
- “(II) are otherwise required of tribal self-determination program operators by law or prudent management practice.

# **“SEC. 1128. ADMINISTRATIVE COST GRANTS - DEFINITIONS**

- “(B) INCLUSIONS.—The term ‘administrative cost’ may include—
  - “(i) contract or grant (or other agreement) administration;
  - “(ii) executive, policy, and corporate leadership and decisionmaking;
  - “(iii) program planning, development, and management;
  - “(iv) fiscal, personnel, property, and procurement management;

# **“SEC. 1128. ADMINISTRATIVE COST GRANTS - DEFINITIONS**

- “(v) related office services and record keeping; and
- “(vi) costs of necessary insurance, auditing, legal, safety and security services.



# BUREAU ELEMENTARY AND SECONDARY FUNCTIONS

- The term ‘Bureau elementary and secondary functions’ means—
  - “(A) all functions funded at Bureau schools by the Office;
- “(B) all programs—
- “(i) funds for which are appropriated to other agencies of the Federal Government; and
- “(ii) which are administered for the benefit of Indians through Bureau schools; and

# BUREAU ELEMENTARY AND SECONDARY FUNCTIONS

- “(C) all operation, maintenance, and repair funds for facilities and Government quarters used in the operation or support of elementary and secondary education functions
- for the benefit of Indians, from whatever source derived.

# DIRECT COST BASE

- “(A) IN GENERAL.—Except as otherwise provided in subparagraph (B), the direct cost base of a tribe or tribal organization for the fiscal year is the aggregate direct cost program funding for all tribal elementary or secondary educational programs operated by the tribe or tribal organization during—
- “(i) the second fiscal year preceding such fiscal year; or

# DIRECT COST BASE

- “(ii) if such programs have not been operated by the tribe or tribal organization during the 2 preceding fiscal years, the first fiscal year preceding such fiscal year.

# FUNCTIONS NOT PREVIOUSLY OPERATED

- In the case of Bureau elementary or secondary education functions which have not previously been operated by a tribe or tribal organization under contract, grant, or agreement with the Bureau, the direct cost base for the initial year shall be the projected aggregate direct cost program funding for all Bureau elementary and secondary functions to be operated by the tribe or tribal organization during that fiscal year.

# ADMINISTRATIVE COST GRANT FORMULA TERMS

- “(4) MAXIMUM BASE RATE.—The term ‘maximum base rate’ means 50 percent.
- “(5) MINIMUM BASE RATE.—The term ‘minimum base rate’ means 11 percent.
- “(6) STANDARD DIRECT COST BASE.—The term ‘standard direct cost base’ means \$600,000.

# ADMINISTRATIVE COST GRANT DISTRIBUTION FORMULA RATE

- In accordance with the Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988, P.L. 100-297, as amended by the NCLBA, individual administrative cost grants are determined using an administrative cost percentage rate calculated by the following formula:

**(Tribe Administered Program Dollars X 11%)**

**PLUS**

**(\$600,000 (std Direct Cost Base) X 50%)**

**DIVIDED BY**

**(Tribe Administered Program Dollars) + (600,000)**

# ADMINISTRATIVE COST GRANT DISTRIBUTION FORMULA

- The above formula generates a percentage that is then multiplied by the Tribally administered program dollars (called the Tribal Direct Cost Base which is the total number of Federally appropriated dollars managed by the tribe) to calculate the dollars for the Administrative Cost Grant. The Administrative Cost Grant equals the value generated from the formula above or a minimum amount of \$200,000 regardless of the number of students (as required by the NCLB), prorated based on the availability of funds.



# ADMINISTRATIVE COST GRANT DISTRIBUTION FORMULA

- The Administrative Cost Grant equals the value generated from the formula above or a minimum amount of \$200,000 regardless of the number of students (as required by the NCLB), prorated based on the availability of funds.

# “TRIBAL ELEMENTARY OR SECONDARY EDUCATIONAL PROGRAMS

- The term ‘tribal elementary or secondary educational programs’ means all Bureau elementary and secondary functions, together with any other Bureau programs or portions of programs (excluding funds for social services that are appropriated to agencies other than the Bureau and are funded through the Bureau, funds for major subcontracts, construction, and other major capital expenditures, and unexpended funds carried over from prior years) which share common administrative cost functions, that are operated directly by a tribe or tribal organization under a contract, grant, or agreement with the Bureau.

# GRANTS; EFFECT UPON APPROPRIATED AMOUNTS

- Subject to the availability of funds, the Secretary shall provide grants to each tribe or tribal organization operating a contract school or grant school in the amount determined under this section with respect to the tribe or tribal organization for the purpose of paying the administrative and indirect costs incurred in operating contract or grant schools, provided that no school operated as a stand-alone institution shall receive less than \$200,000 per year for these purposes, in order to—

# GRANTS; EFFECT UPON APPROPRIATED AMOUNTS

- “(A) enable tribes and tribal organizations operating such schools, without reducing direct program services to the beneficiaries of the program, to provide all related administrative overhead services and operations necessary to meet the requirements of law and prudent management practice; and

# GRANTS; EFFECT UPON APPROPRIATED AMOUNTS

- “(B) carry out other necessary support functions which would otherwise be provided by the Secretary or other Federal officers or employees, from resources other than direct program funds, in support of comparable Bureau operated programs

# EFFECT UPON APPROPRIATED AMOUNTS

- Amounts appropriated to fund the grants provided under this section shall be in addition to, and shall not reduce, the amounts appropriated for the program being administered by the contract or grant school.

# DETERMINATION OF GRANT AMOUNT

- “(1) IN GENERAL.—The amount of the grant provided to each tribe or tribal organization under this section for each fiscal year shall be determined by applying the administrative cost percentage rate of the tribe or tribal organization to the aggregate of the Bureau elementary and secondary functions operated by the tribe or tribal organization for which funds are received from or through the Bureau.

# DIRECT COST BASE FUNDS

- “(2). The Secretary shall— “(A) reduce the amount of the grant determined under paragraph (1) to the extent that payments for administrative costs are actually received by an Indian tribe or tribal organization under any Federal education program included in the direct cost base of the tribe or tribal organization; and



# DIRECT COST BASE FUNDS

- “(B) take such actions as may be necessary to be reimbursed by any other department or agency of the Federal Government for the portion of grants made under this section for the costs of administering any program for Indians that is funded by appropriations made to such other department or agency.

# AVAILABILITY OF FUNDS

- Funds received as grants under this section with respect to tribal elementary or secondary education programs shall remain available to the contract or grant school without fiscal year limitation and without diminishing the amount of any grants otherwise payable to the school under this section for any fiscal year beginning after the fiscal year for which the grant is provided.

# TREATMENT OF FUNDS

- Funds received as grants under this section for Bureau-funded programs operated by a tribe or tribal organization under a contract or agreement shall not be taken into consideration for purposes of indirect cost underrecovery and overrecovery determinations by any Federal agency for any other funds, from whatever source derived.

# CALCULATING THE RATE

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AMENDMENT NO. SIXTEEN  
FY 2012

NAME OF GRANTEE: [REDACTED] TYPE OF GRANT: Title V, Public Law 100-297  
 Part A;  
 Part B; NAME OF SCHOOL: [REDACTED]  
 GRANT NUMBER: [REDACTED] GRADE LEVEL: K-12  
 TYPE OF SCHOOL: DAY

PROGRAM DESCRIPTION FUNCTION	ACCTG LINE	ACCOUNTING CODE	PREVIOUS BALANCE	INCREASE DECREASE (-)	BUDGET TOTAL
ISEP (FFS)	446	D04B06/1213/E3000/413A	\$ 581,300.00		\$ 581,300.00
Transportation (FFS)	447	D04B06/1213/E3200/413A	\$ 419,000.00		\$ 419,000.00
Administrative Costs	448	D04B06/1213/E3400/413A	\$ 199,800.00		\$ 199,800.00
FI&R	449	B00101/1213/A3210/413A	\$ 22,000.00		\$ 22,000.00
Facilities Operation	450	D04B06/1213/E3500/413A	\$ 11,984.00		\$ 11,984.00
Facilities Maintenance	451	D04B06/1213/E4500/413A	\$ 8,080.00		\$ 8,080.00
IDEIA (Part B)	452	D04B06/1214/97C22/			\$ -
" "	"	GY120001/413A	\$ 323,020.00		\$ 323,020.00
IASA - Title 1 (FFS)	453	D04B06/1214/97G02/			\$ -
" "	"	GY120001/413A	\$ 55,300.00		\$ 55,300.00
IASA - Title 11A	454	D04B06/1214/97G22/			\$ -
" "	"	GY120001/413A	\$ 24,400.00		\$ 24,400.00
IDEIA (Part B)	455	D04B06/1012/97C20/			\$ -
" "	"	GY100001/413A	\$ 13,529.00		\$ 13,529.00
ISEP (FBMS)	456	123/A0E300000/			\$ -
" "	"	AADD04B060/413A	\$ 106,500.00		\$ 106,500.00
TRANSPORTATION (FBMS)	457	123/A0E320000/			\$ -
" "	"	AADD04B060/413A	\$ (50,590.00)		\$ (50,590.00)
Facilities Operation	458	134/A0E350000/			\$ -
" "	"	AADD04B060/413A	\$ 63,854.00		\$ 63,854.00
Facilities Maintenance	459	134/A0E450000/			\$ -
" "	"	AADD04B060/413A	\$ 46,075.00		\$ 46,075.00
Johnson-O'Malley	460	134/A0E904545/			\$ -
" "	"	AADD00B010/413A	\$ 3,312.00		\$ 3,312.00
ISEP CONTINGENCY (FBMS)	461	123/A0E309090/			\$ -
" "	"	AADD04B060/413A	\$ 3,900.00		\$ 3,900.00
IASA - TITLE 1 (FBMS)	462	124/A087G0202/979G02214/			\$ -
" "	"	AADD04B060/413A	\$ 130,000.00		\$ 130,000.00
TOTAL:			\$ 1,961,464.00	\$ -	\$ 1,961,464.00

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# CALCULATING THE RATE

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DATA YEAR: BFY 2012-2013 and FY 2013

SCHOOL CODE: [REDACTED] SCHOOL: [REDACTED]

SCHOOL OPERATOR NAME: [REDACTED]

SCHOOL TYPE: Grant

The dollar amounts listed below were used to calculate the SY 2014-2015 administrative cost rate for the recipient. Please note that if a tribe operates the school, or if the school had a separate 638 contract, all Bureau dollars contracted by the tribe/school were listed.

FUNCTION: SCHOOL OPERATIONS	AMOUNT
DIRECT PROGRAM OPERATIONS (ISEP)	\$ 687,800
CONTINGENCY FUNDS	\$ 3,900
TRANSPORTATION	\$ 368,410
EARLY CHILDHOOD (FACE)	\$ 0
FOCUS	\$ 0
MATH NOW	\$ 0
BIE READS	\$ 0
SAFE AND SECURE	\$ 0
EDUCATION FACILITIES OPERATIONS	\$ 172,415
EDUCATION FACILITIES OPERATIONS (2/3)	\$ 11,984
EDUCATION FACILITIES MAINTENANCE	\$ 124,810
EDUCATION FACILITIES MAINTENANCE (2/3)	\$ 8,089
TITLE I (U.S. Dept. of Educ.)	\$ 185,300
TITLE I (U.S. Dept. of Educ.) (1/3)	\$ 2,400
TITLE II (U.S. Dept. of Educ.)	\$ 24,400
EXCEPTIONAL EDUCATION (U.S. Dept. of Educ.)	\$ 336,840
EXCEPTIONAL EDUCATION (U.S. Dept. of Educ.) 1/3	\$ 0
EXCEPTIONAL EDUCATION (U.S. Dept. of Educ.) 0/2	\$ 13,529
RURAL (U.S. Dept. of Educ.)	\$ 940
21ST CENTURY	\$ 0
HOMELESS	\$ 0
STRIVING READERS	\$ 0
JOHNSON-O'MALLEY (previously private schools)	\$ 312
INFANT AND TODDLER	\$ 0
OTHER (Please identify)	\$ 0
SCHOOL OPERATIONS SUBTOTAL	\$ 1,943,920
TRIAL PL 638, SELF GOVERNANCE OR CTGP CONTRACTS	\$ 0
TOTAL	\$ 1,943,920

COMMENTS:

CALCULATED RATE 20.20%

# CALCULATING THE RATE

1.  $(\$1,943,920 \times 11\%) + (\$600,000 \times 50\%)$   
 $(\$1,943,920 + \$600,000)$
2.  $(\$213,831 + \$300,000)$   
 $(\$2,543,920)$
3.  $(\$513,831)$   
 $(\$2,543,920)$
4. 20.20 PERCENT

# CALCULATING THE PROGRAM DOLLARS

2014 2015 PROGRAM DOLLARS AWARD DOC.pdf - Adobe Reader

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AMENDMENT NO: NINE  
SY 2014 - 2015

NAME OF GRANTEE: **REARDAK NATION SCHOOLS**  
GRANT NUMBER: **A14AV00907**

TYPE OF GRANT:  
 Part A;  
 Part B;

NAME OF SCHOOL: **REARDAK NATION SCHOOLS**  
GRADE LEVEL: **K-12**  
TYPE OF SCHOOL: **DAY**

PROGRAM DESCRIPTION FUNCTION	ACCTG LINE	ACCOUNTING CODE	PREVIOUS BALANCE	INCREASE DECREASE (-)	BUDGET TOTAL
ISEP (Initial)	10	AADD048060/145A2100DD.A0E30000 0.999900.413A00	486,000.00		\$ 486,000.00
Transportation (Initial)	20	AADD048060/145A2100DD.A0E32000 0.999900.413A00	165,166.00		\$ 165,166.00
Tribal Grant Support (Initial)	30	AADD048060/145A2100DD.A0E34000 0.999900.413A00	134,200.00		\$ 134,200.00
IDEA Part B total sy 1415 (Initial)	40	AADD048060/146A2100RM.A0B7C222.99 9900.AR.DED.97C22214.065.413A00	\$ 70,945.00		\$ 70,945.00
Facilities Operations (Initial)	50	AADD048060/145A2100DD.A0E35000 0.999900.413A00	\$ 5,840.00		\$ 5,840.00
Facilities Maintenance (Initial)	60	AADD048060/145A2100DD.A0E45000 0.999900.413A00	\$ 1,444.00		\$ 1,444.00
Part B IDEA Prorated (Initial)	70	AADD048060/135A2100RM*3A0B7C23 23.999900.413A00	\$ 2,577.00		\$ 2,577.00
Title I A (1)	80	AADD048060/146A2100RM.A0B7G0404.99 9900.AR.DED.97G04116.065.413A00	45,100.00		\$ 45,100.00
Title II A (1)	90	AADD048060/146A2100RM.A0B7G2424.99 9900.AR.DED.97G24116.065.413A00	16,200.00		\$ 16,200.00
IDEA Part B (1)	100	AADD048060/124A2100RM.A0B7C222.99 9900.AR.DED.97C22214.065.413A00	6,000.00		\$ 6,000.00
IDEA Part B (1)	110	AADD048060/124A2100RM.A0B7C222.99 9900.AR.DED.97C22214.065.413A00	3,300.00		\$ 3,300.00
Title II Part A Teacher Quality [2]	120	AADD048060/124A2100RM.A0B7G222.999900 AR.DED.97G22214.027.413A00	\$ 1,470.00		\$ 1,470.00
Adjustment Funds (3)	130	AADD048060/134A2100DD.A0E31151 5.999900.413A00	\$ 7,200.00		\$ 7,200.00
Facilities Operations (4)	140	AADD048060/156A2100DD.A0E35000 0.999900.413A00	\$ 27,130.00		\$ 27,130.00
Facilities Maintenance (4)	150	AADD048060/156A2100DD.A0E45000 0.999900.413A00	\$ 25,239.00		\$ 25,239.00
Johnson-O'Malley [5]	160	AADD048060/156A2100DD.A0E90454 5.999900.413A00	\$ 2,990.00		\$ 2,990.00
Title II A, Teacher Quality [5]	170	AADD048060/146A2100RM.A0B7G424.999900 AR.DED.97G42416.065.413A00	\$ 4,100.00		\$ 4,100.00
ISEP [6]	180	AADD048060/145A2100DD.A0E30000 0.999900.413A00	\$ 105,000.00		\$ 105,000.00
FJBR [7]	190	AADD048060/156A2100DD.A1114242 4.999900.AN.31480401	\$ 190,572.00		\$ 190,572.00
Transportation (8)	200	AADD048060/145A2100DD.A0E32000 0.999900.413A00	\$ 40,974.00		\$ 40,974.00
Facilities Operations (8)	210	AADD048060/156A2100DD.A0E35000 0.999900.413A00	\$ 106,503.00		\$ 106,503.00
Facilities Maintenance (8)	220	AADD048060/156A2100DD.A0E45000 0.999900.413A00	\$ 99,136.00		\$ 99,136.00
Title I (9)	230	AADD048060/146A2100RM.A0B7G0404.999900 AR.DED.97G04116.065.413A00		104,700.00	\$ 104,700.00
ISEP CONTINGENCY (9)	240	AADD048060/145A2100DD.A0E30509 0.999900.413A00		3,400.00	\$ 3,400.00
TOTAL:			\$ 1,547,086.00	\$ 108,100.00	\$ 1,655,186.00

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# CALCULATING THE PROGRAM DOLLARS

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To: Education Line Officer  
From: Branch of Administrative Services, BIE  
Subject: SCHOOL CODE **ADD04B06** SCHOOL NAME **Kickapoo Nation School**

Listed below are the program dollar amounts used to prepare the final 2014-2015 administrative cost grant fund distribution documents for **Kickapoo Nation School**. Please provide your schools with a copy of their report.

PROGRAM	BIE AMOUNTS
45ISBP	591,000
45CONTINGENCY	3,400
45safe schools	0
45FOCUS	7200
TRANSPORTATION	206,140
45FACE	0
34 FACE	0
45ENHANCEMENT	0
MATH ENHANCEMENT	0
READ ENHANCEMENT	0
56Operations	133,633
45Operations	5840
56MAINTENANCE	124,375
45MAINTENANCE	1444
46RURAL EDUCATION	800
46SPECIAL EDUCATION	70,945
35SPECIAL EDUCATION	2,577
24SPECIAL EDUCATION	9,300
46HOMELESS	0
35HOMELESS	0
46CENTURY 21	0
35CENTURY 21	0
46TITLE I FUNDS	149,800
35TITLE I FUNDS	0
46Title II FUNDS	20,300
24Title II FUNDS	1470
STRIVING READERS	0
JOM	2,990
OTHER	0
GRAND TOTAL	1,331,214

COMMENTS: COMMENTS:

SCHOOL TYPE: **Grant** SCHOOL OPERATOR: **School Board**

OPERATOR NAME: **Kickapoo Nation School**

PROGRAM DOLLARS PROGRAM DOLLARS PROGRAM DOLLARS PROGRAM DOLLARS




# CALCULATING THE ADMINISTRATIVE COST

- 1. RATE EQUALS 20.20 PERCENT**
- 2. PROGRAM DOLLARS EQUALS \$1,331,214**
- 3. 20.20 PERCENT TIMES \$1,331,214**
- 4 EQUALS \$268,905 CALCULATED NEED**
- 5 BUREAU NEED EQUALS \$74,376,500**
- 6 AVAILABLE FUNDS EQUALS \$48,253,000**
- 7 PRORATED NEED EQUALS 64.88 PERCENT**
- 8 PRORATED FOR SCHOOL EQUALS \$174,450**

# SHIPROCK ASSOCIATED SCHOOLS, INC

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**United States Department of the Interior**  
BUREAU OF INDIAN EDUCATION  
Washington, D.C. 20240

**JUL 17 2013**

Dear School Administrator:

On March 28, 2013, the United States District Court for the District of New Mexico issued an opinion and order denying the agency's motion to dismiss Plaintiff's claims in *Shiprock Associated Schools, Inc. v. United States, et. al.* In its analysis of the "administrative cost limitation" in Section 2502(b) of the Tribally Controlled Schools Act ("TCSA"), the Court found that "TCSA set the administrative cost limitation at the School's Calculated Need Amount." (Op. at 13.)

Accordingly, the Court found that the TCSA allows a grant school to use TCSA grant funds "to defray the costs of its necessary administrative functions, so long as those costs do not exceed its Calculated Need Amount." (Op. at 21.) Furthermore, the Court specifically found that the grant School could use Indian Student Equalization Program ("ISEP") funds to pay for those administrative costs exceeding their pro-rata formula amount determined pursuant to 25 U.S.C. § 2008(j)(2), but falling below their calculated need amount determined pursuant to 25 U.S.C. § 2008(c).

Effective immediately, and applicable to all Public Law 100-297, Tribally Controlled Grant Schools, the

# SHIPROCK ASSOCIATED SCHOOLS, INC

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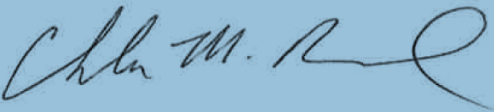
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Effective immediately, and applicable to all Public Law 100-297, Tribally Controlled Grant Schools, the Bureau of Indian Education Grants Officers will allow a grant school's use of ISEP funds to pay for its necessary administrative costs, so long as those expenditures do not exceed its Calculated Need Amount and are not disallowed under any other applicable law or regulation.

BIE Grants Officers also will allow a grant school to draw down from all other funds included in the TCSA grant in order to make up the difference between the school's pro-rata formula amount and calculated need amount for administrative costs, only if (1) the use of those funds for those costs is allowable under the non-ISEP program authority (e.g., the Elementary and Secondary Education Act or the Individuals with Disabilities Education Act, and their implementing regulations) and (2) the costs are "necessary and reasonable for proper and efficient performance and administration" of the allowable program activities. See OMB Circular A-87 (Attachment A, subsection C.1.a.)

Please share this correspondence with Certified Public Accountants conducting A-133 audits at your locations. If you have any questions, please contact David Talayumptewa, Assistant Deputy Director for Administration, at (505) 563-5227.

Sincerely,



Dr. Charles M. Roessel  
Acting Director, Bureau of Indian Education

cc: Deputy Assistant Secretary – Management, IA  
Deputy Bureau Director, BIE

# QUESTIONS?

- Contact Information:

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