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

Presenter:
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Financial Systems Specialist
Bureau of Indian Education
Washington, DC
May 28, 2015
Presentation Overview

• **Statutory Authority**


• **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


• 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


Authorized P.L. 100-297 Grants;
Authorized Administrative Cost Grants;
Authorized Administrative Cost Grant Formula
STATUTORY AUTHORITY


(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,"
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.
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.
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:

\[
\text{(Tribe Administered Program Dollars \times 11\%)} + \text{PLUS} \left( \frac{\text{($600,000 (std Direct Cost Base) \times 50\%})}}{(\text{Tribe Administered Program Dollars) + (600,000)})} \right)
\]
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.
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.
• “(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
**CALCULATING THE RATE**

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

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>Direct Program Operations (ISEP)</td>
<td>$657,660</td>
</tr>
<tr>
<td>Early Childhood (PACER)</td>
<td>$84,100</td>
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<tr>
<td>Head Start</td>
<td>$19,410</td>
</tr>
<tr>
<td>IDEA</td>
<td>$19,410</td>
</tr>
<tr>
<td>IDEA - Hard of Hearing</td>
<td>$19,410</td>
</tr>
<tr>
<td>IDEA - Deaf</td>
<td>$19,410</td>
</tr>
<tr>
<td>Title I (Rural)</td>
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<tr>
<td>Title I (Urban)</td>
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<td>Title I (MCDA)</td>
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</tr>
<tr>
<td>Title I (MC2)</td>
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<tr>
<td>Title II</td>
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<tr>
<td>Title III</td>
<td>$19,410</td>
</tr>
<tr>
<td>Title V (Special Ed.)</td>
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<td>Title V (MCDA)</td>
<td>$19,410</td>
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<tr>
<td>Title V (MC2)</td>
<td>$19,410</td>
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<tr>
<td>Native American</td>
<td>$19,410</td>
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<tr>
<td>American Indian</td>
<td>$19,410</td>
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<tr>
<td>Previously Private Schools</td>
<td>$37</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$743,220</td>
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**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

<table>
<thead>
<tr>
<th>PROGRAM DESCRIPTION (LINE)</th>
<th>AMOUNT</th>
<th>ACCOUNTING CODE</th>
<th>DECREASE</th>
<th>BUDGET TOTAL</th>
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<tr>
<td>SUPPORT</td>
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<td>$409,000.00</td>
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<td>Transportation (Total)</td>
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<td>$148,166.00</td>
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<tr>
<td>Title I Grant Support (Total)</td>
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<td>ESEA Part B Title I Spec.</td>
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<td>5,849.00</td>
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<td>$5,849.00</td>
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<td>Facilities Maintenance (Total)</td>
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<td>Title I A (Total)</td>
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<td>Title II A (Total)</td>
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<td>ESEA Part B (Total)</td>
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<td>$6,020.00</td>
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<td>ESEA Part B (Total)</td>
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<td>$1,305.00</td>
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<tr>
<td>Title II Part A Teacher Qual (Total)</td>
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<td>1,470.00</td>
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<td>$1,470.00</td>
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<tr>
<td>Facilities Operations (Total)</td>
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<td>$1,205.00</td>
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<tr>
<td>Facilities Maintenance (Total)</td>
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<td>Johnson-O’Reilly [5]</td>
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<td>2,196.00</td>
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<td>Title [4]</td>
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<td>3,000.00</td>
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<td>$3,000.00</td>
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<tr>
<td>Total</td>
<td>$1,547,008.00</td>
<td>$189,100.00</td>
<td>$1,736,108.00</td>
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</tbody>
</table>
CALCULATING THE PROGRAM DOLLARS

To: Education Line Officer
From: Branch of Administrative Services, BIE
Subject: SCHOOL CODE AN00065M SCHOOL NAME Gilwapa Nation School

Listed below are the program dollar amounts used to prepare the final grant closeout and administrative cost grant fund distribution documents for your school. Please provide your schools with a copy of their report:

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>BIE AMOUNTS</th>
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<tbody>
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</tbody>
</table>

Total: 1,331,214

COMMENTS: 

SCHOOL TYPE: Grant SCHOOL OPERATOR: School Board
OPERATOR NAME: Gilwapa Nation School

PROGRAM DOLLARS 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
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 prorata 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
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:

Dr. Joe Herrin
Bureau of Indian Education
Email: joe.herrin@bie.edu
Phone: (202) 208-7658