

From: Hylton, Andre

Sent: Wednesday, July 1, 2026 1:58 PM

Subject: Local Education Agency Delegation Authority to Issue July 1, 2026 - June 30, 2027, Indirect Cost Rates per, 34 CFR 75.561(b) and 34 CFR 76.561(b)

Greetings State Education Agency (SEA) Colleagues,

I am writing to inform you the **July 1, 2026 - June 30, 2027**, indirect cost rates within your state may be issued at this time. Our team is working diligently to complete our review of the Local Education Plans submitted and developing tools that align with the regulatory updates. Thank you for all for the information that you have provided thus far to allow us to update the delegation agreements with pertinent information related to:

- **Local Education Agencies (LEAs)** definitions by state statute (codes) specific to each state.
- **Modified Total Direct Costs (MTDC)** subaward (subcontract or subgrant) threshold up to the regulatory \$50,000.
- **Indirect Cost Rate Types** (e.g. Unrestricted, Medicaid, Restricted)
- **Capitalization Thresholds**
 - **Maximum Capitalization Policy** - Prior to October 1, 2024, the effective date for the Uniform Guidance update for tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$5,000.*
 - **Maximum Capitalization Policy** - Effective October 1, 2024, the Uniform Guidance for tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$10,000.*

***Local Education Agencies (LEA) are not required to have the same capitalization thresholds or maximum. The LEAs may have less than the maximum threshold.**

We look forward to collaborating with you shortly.

Respectfully,

Andre A. Hylton

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