

Contract Support Costs Update

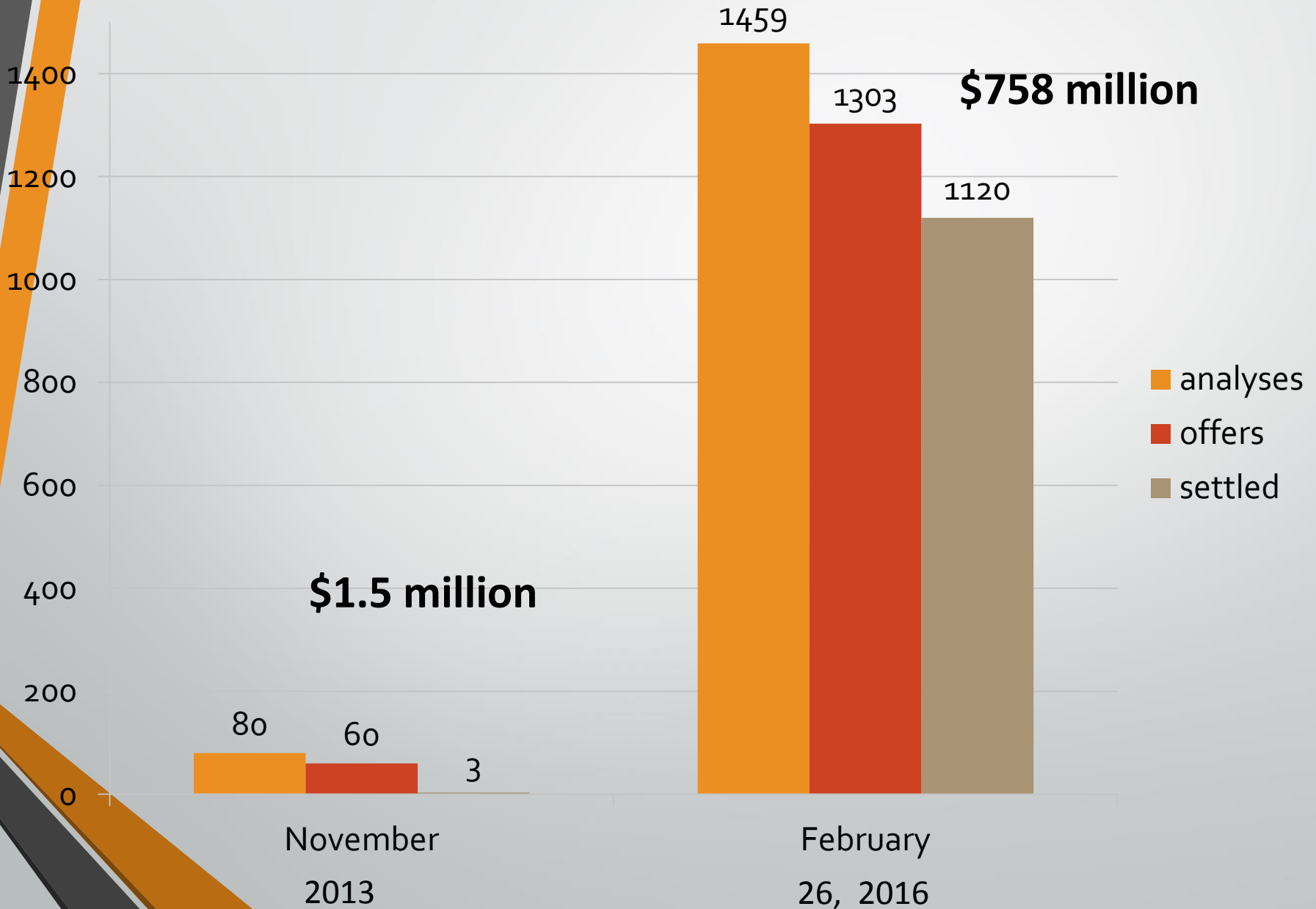
2016 Annual Tribal Consultation
California Area IHS

March 8, 2016 ¹

IHS Business Principles & Goals

- Comply with mandate to pay full CSC need
- Improve Communication
- Improve business practices - consistency and fairness for all Tribes
- Continued progress on CSC past claims
- Implement long term solutions

IHS CSC Claims Settlement Progress



Status of Claims - CAO

- Claims filed = 159
- Offers = 135
- Settled = 111
- Amount = \$56,657,917

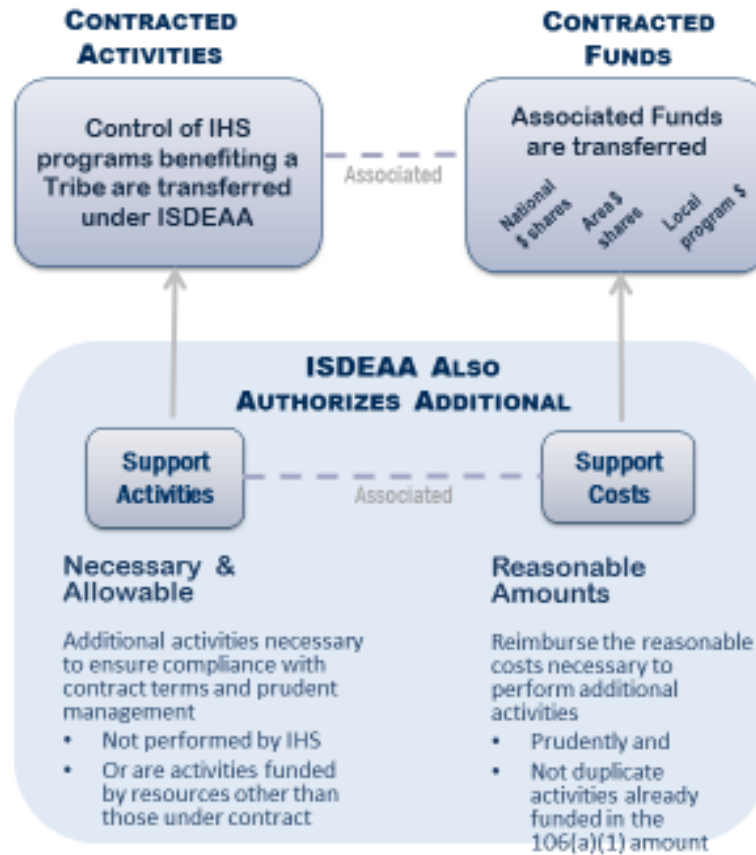
Statutory & Congressional Mandates

- *Salazar v. Ramah Navajo Chapter* - Statutory Mandate under the ISDEAA:
The ISDEAA “mandates that the Secretary shall pay the full amount of ‘contract support costs’ incurred by tribes in performing their contracts.”
132 S. Ct. at 2186.
- Congress Removed the Appropriations Cap in Fiscal Year 2014
 - All of Services account, absent several earmarks, is legally available to pay CSC.
 - IHS must pay full CSC from its Services appropriation in fiscal year 2014, based on the ISDEAA, appropriations law, and relevant case law; IHS must also pay full CSC in FY 2015.

CSC – Statutory Definition

- - “[A]n amount for the reasonable costs for activities which must be carried on by a tribal organization as a contractor to ensure compliance with the terms of the contract and prudent management, but which—
 - (A) normally are not carried on by the respective Secretary in his direct operation of the program; or
 - (B) are provided by the Secretary in support of the contracted program from resources other than those under contract.” 25 U.S.C. § 450j-1(a)(2)
- - CSC shall not duplicate activities funded in the Secretarial amount. 25 U.S.C. § 450j-1(a)(3)

CONTRACT SUPPORT COSTS



What
is
CSC?

→ 106(a)(1)
funds –
(Secretarial
Amount)

→ 106(a)(2)
funds –
(CSC)

CSC Calculation/Final

- Data
 - Rate changes
 - Pass throughs and exclusions
 - Changes in base funding
 - Review for reasonableness and duplication
- Communication with Tribes
 - Overpayments - Notice to Tribe
 - Share documentation used to calculate overpayment
 - Agreement on CSC need and payment
 - Follow up with appropriate amendments or modifications

Tribe:		2015	Remarks to Estimates	
1. Program (Recurring) excl. Tribal Shares		0	Program Recurring amount, less retained	
2. Total Area Tribal Shares		0	Less Retained amounts	
3. Total HQ Tribal Shares		0	Less Retained amounts	
4. Total Program (Non-Recurring)		0	Non-recurring paid amounts	
5. Less IDC Funded through 106(a)(1)		0	Accounts for activities already funded through the 106(a)(1) amount (including the 80/20 split outlined in the policy)	
6. 2014 DCSC Negotiated Need		0	Per DCSC Negotiation or last reported need	
7. Inflation Factor		1.6%	Previous year's final rate	
8. 2015 DCSC Negotiated Estimated Need		0	DCSC estimated need based on previous year's need and inflation factor OR if renegotiated, above inflation factors are not applied and newly negotiated amount is manually inserted here.	
9. DCSC Funding Paid		0	Projected funding to be paid in CY 2015, should equal 100% of identified need. Or if during the year after initial payment, only enter current amount paid to Tribe.	
10. DCSC Deficiency		0	Estimated deficiency, based on funding and estimated DCSC need	

Indirect Cost Rate Information	
FY/CY/SY IDC Rate	
Type of Base	
Rate	0.00%

11. Program Base	0	Program Recurring amount + Area Shares + HQ Shares + Non-Recurring - IDC Funded through 106(a)(1) Amount + DCSC Estimated Need = Program Base
12. Less Other Exclusions and Pass-Thru	0	Exclusions consistent with rate agreement and rate proposal information
13. Direct Cost Base	0	Program base less all exclusions and pass-thru
14. Most current IDC rate	0.00%	Current IDC Rate, as noted in box to the right
15. Estimated IDC Need (Non-Recurring) Based on IDC Rate	0	Direct Cost Base x IDC Rate
16. Indirect CSC Type Costs Negotiated (Non-Recurring)	0	N/A if an applicable IDC Rate is available. Enter current amount negotiated with Tribe (negotiated amount is only good for 4 years)
17. IDC Funded through 106(a)(1)	0	Already available for indirect costs
18. Estimated Indirect CSC Need	0	Estimated total IDC need less all duplicative costs
19. Indirect CSC Funding Paid	0	Projected funding to be paid in CY 2015, should equal 100% of identified need. Or if during the year, only enter the current amount paid to Tribe.
20. Indirect CSC Deficiency	0	Estimated deficiency, based on funding and estimated Indirect CSC need
21. Total Estimated CSC Need	0	Total estimated need for DCSC and Indirect CSC
22. Total CSC Funding Available for CSC Need	0	Projected funding to be paid when used during negotiations/amount already paid when used throughout the year, should equal 100% of identified need.
23. TOTAL ESTIMATED CSC DEFICIENCY	0	10 Total estimated CSC deficiency based on estimated CSC need and projected funding to be paid, should be \$0. If positive number then the Tribe is owed more, if negative number is shown there will be an overpayment.

Contract Support Costs (CSC) Negotiation Template

Tribes: Example Tribe	Subtotals	Totals	Source of Inputs	
A	Program (Service Unit) Funding	\$81,564.00	Recurring and Non-Recurring Eligible Funding for the T/TO's Programs, Functions, Services, or Activities (PFSA) at the Service Unit Level (From Cell B65 of "Funding Support" Tab)	
B	Total Area Tribal Shares	\$270,299.00	Recurring and Non-Recurring Eligible Funding for the T/TO's PFSA at the Area Level (Area Office Tribal Shares, or AOTS) (From Cell C65 of "Funding Support" Tab)	
C	Total Headquarters Tribal Shares	\$0.00	Recurring and Non-Recurring Eligible Funding for the T/TO's PFSA at the Headquarters Level (Headquarters Tribal Shares, or HQTS) (From Cell D65 of "Funding Support" Tab)	
D	Total 106(a)(1)	\$351,863.00	Items A + B + C (Total Recurring and Non-Recurring eligible funding awarded under 106(a)(1) of the ISDEAA)	
E	Indirect Costs (IDC) funded Through 106(a)(1)	\$54,059.80	From Cell B3 of the Duplication tab. This represents PFSA funded in the 106(a)(1) amount, that T/TO put into their IDC pools. The amount of duplication should be calculated by identifying PFSA carried on by IHS and the corresponding activities in a T/TO's IDC rate or through an IDC-type cost negotiation. This includes the calculation on AOTS and HQTS that is commonly known as the 80/20 split.	
F	Direct Costs Funded through 106(a)(1)		\$297,803.20	Item D - E
G	Prior Year Direct CSC (DCSC) Need	\$51,194.00	Per prior-year agreement.	
H	Inflation Factor	1.6%	To be provided from IHS when final non-medical fiscal rate for previous year becomes available (usually in November). Final rate would be used to update this amount, and award tribe inflation on DCSC.	
I	Current Year DCSC Estimated Need	\$52,013.10 \$0.00	\$52,013.10	E13 will automatically incorporate either the prior-year DCSC need (reflected in D12) or, if there is a current-year renegotiation, the renegotiated amount (reflected in D13, which is pulled from Cell D49 of the "DCSC Negotiation" tab).
J	Total Direct Costs		\$349,816.30	Items F + I

SUMMARY WORKSHEET

Funding Support

CSC Funding

Direct Cost Base

Duplication

IDC Rate

DCSC Negotiation

Indirect - Type Cost ...



IHS CSC Policy – Changes/Updates

- General Comments
 - Exhibits are not included, work in progress
 - Few areas require ongoing discussion – unresolved areas are noted by comments to the right in the Policy
 - Overall goal is to simplify and streamline the process
 - Where necessary, the Workgroup agreed to reference: 25 Code of Federal Regulations 25 United States Code (U.S.C.) 450j-1(a)

IHS CSC Policy – Changes/Updates

- P.4 Includes Guiding Principles
- P.6 Expanded on definitions to assure and support broad understanding and consistent application
- P.12 Determining CSC Requirements
 - P 13 Startup and Pre-Award – paid on one time basis
 - Paid during the initial 12-month period
 - Within 90 after the initial year or 12 months, the Awardee will certify that all funds were spent
 - Advance of the assumption, the Awardee will provide written notice of nature and extent of funds required (pre-award and start up)
 - P. 16 Determination of final amount of indirect CSC Need and Funding
 - Includes option for Awardee to close out 90 after the contract term
 - Current or one year old rate
 - Allows for grace period for 2014 - 2017
- P.14 Footnote, the Tribal workgroup members recommend the use of the medical information rate; versus the non-medical information rate.

IHS CSC Policy – Changes/Updates

- P.19 Alternate Methods for Calculating IDC Associated with Recurring Service Unit Shares
 - Alternative A – IHS and Awardee negotiate detail analysis
 - Alternative B – Awardee's option to elect a simplified method and use 97% / 3%, 3% of the service unit funding will be considered IDC.

CSC Consultation – CSC Policy

- Share information at National and Regional meetings
- Distribute through National organizations (NCAI, NIHB, etc)
- Dear Tribal Leader Letter formally announcing consultation
- Distribute to seek the widest feedback
- Review Comments
- Implement Policy
- Training

Questions?

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