



Program Support Center

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# Dept. of Health & Human Services - Program Support Center, Cost Allocation Services (CAS)

Presenter: Michael Leonard, C&U National Specialist

## NECA

Old Saybrook, CT

August, 2019

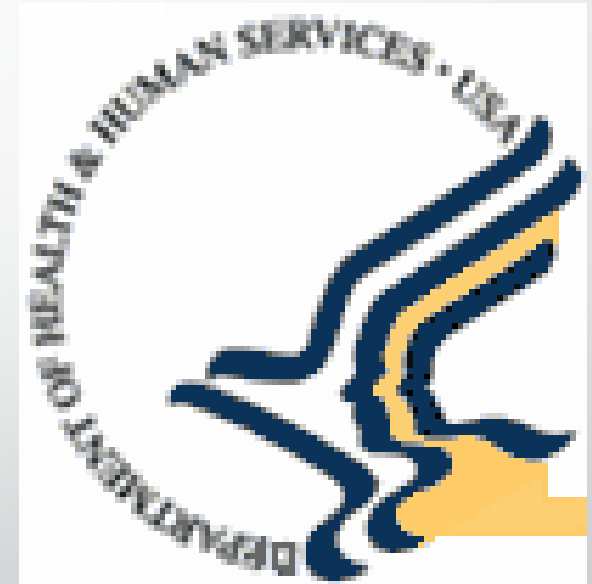
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# CAS Organizational Update

- **Mandated Function**
- **Staffing**
- **Past, Current and Future**
- **ROI**



# Mission Statement

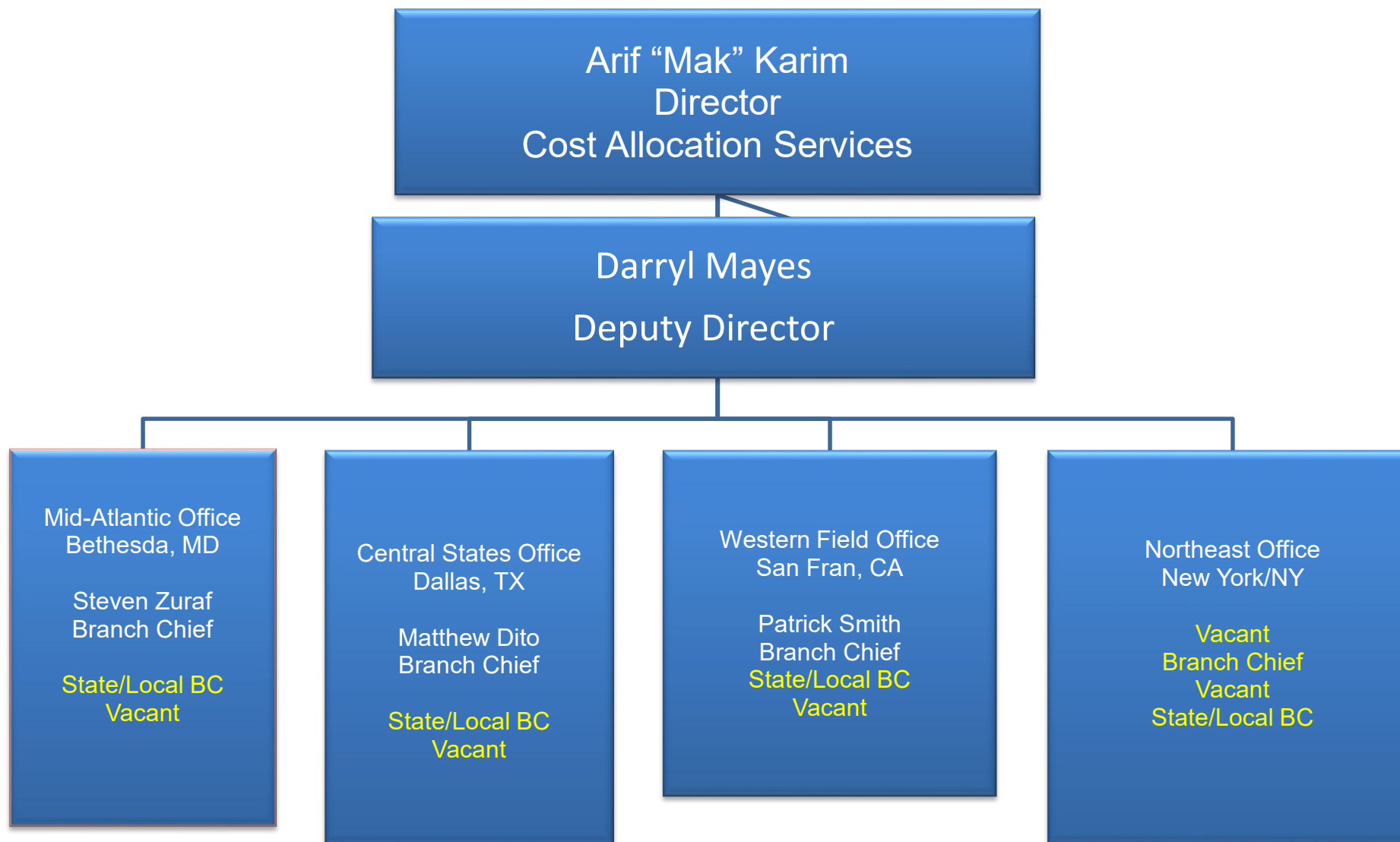
**Cost Allocation Services (CAS) is committed to providing the highest level of indirect cost rate and cost allocation plan negotiation services to Federal Departments and Agencies where HHS is designated by OMB as the cognizant Federal Agency. We will be the Agency of choice for providing technical guidance and assistance regarding the development of indirect cost rates and cost allocation plans. Our professional staff is recognized for their technical knowledge and professional expertise. Although CAS represents the Federal Government during negotiations and has a fiduciary responsibility to protect the public funds, we will be fair, reasonable and equitable when communicating and negotiating with the grantee community.**

# Cost Allocation Services

- HHS is mandated by the Office of Management and Budget as the Cognizant Federal Agency for Indirect Costs. HHS Secretary's delegation, plus departmental regulations, assigned this responsibility to CAS for over 40 years
- Rates and Plans are negotiated on behalf of the Federal Government, as follows:
  - Fifty states plus District of Columbia and Commonwealth of Puerto Rico (100%)
  - Public Assistance Cost Allocation Plans
  - State Departmental rates (where HHS has cognizance)
  - Colleges & Universities (C&U) (85%)
  - Hospitals (100%)
  - Not-For-Profit organizations (where HHS has cognizance)
- CAS negotiates/approves rates for over 6,800 grantee organizations;  
(overhead reimbursements for C&U alone are over \$6 billion per year)
- For statewide plans, review and approve allocations of central service costs, including fringe benefits (such as pension plan contributions), charged to Federal programs
- All Federal awarding agencies rely upon and use the Rate Agreements negotiated by CAS

# CAS Accomplishments

- Successfully delivered for FY 2018:
  - Cost Avoidance of \$1.4B resulting from reviews/negotiations of rates and plans
  - Cash recoveries \$46.2 M resulting from negotiations/appeals
  - Rate Agreements issued 2,664 –
    - 1- Statewide Cost Allocation Plans = 248
    - 2- Public Assistance Cost Allocation Plans = 213
    - 3- Special Reviews/Audit Resolutions/Fringe Benefits/Appeals = 402
    - 4- Colleges/Universities, Facilities & Administration Rates = 352
    - 5- Hospital rates = 125
    - 6- Not-For-Profit Organization rates = 1,324
  - OTHER APPROVALS:
    - Cost Allocation Standard Boards Disclosure Statements (DS-1,2)
  - Non-HHS customers - Rate Agreements issued 305





# CAS Staff Declines

	Approved	Actual	Number of	Number of	Number of	Number of
As of:	FTEs	FTEs	Directors	Branch Chiefs	Nat. Specialists	Grantees
9/30/2005	64	57	5	8	5	
9/30/2007	61	58	4	8	4	
9/30/2009	61	51	4	8	4	5,337
9/30/2011	56	49	4	7	4	
9/30/2013	49	47	2	6	4	
9/30/2015	48	45	2	6	3	6,423
9/30/2017	50.5	39.5	2	6	2	
12/31/2018	43.5	36	2	3	2	6,870
3/31/2019	44.5	36	2	3	2	



## C&U Site Visit Results in Last Fiscal Year

- Conducted site visits at 13 institutions of higher education
- \$965,953,794 of cost avoidance resulted from site visit reviews
- \$74,304,138 – average cost avoidance for site visit reviews
- 4,512 hours expended on site visit reviews
- \$5,170,061 cash refunds resulted from site visit reviews

## Return on Investment (ROI) for C&U Site Visit Reviews

- Total cost of reviews (labor hours plus travel costs) \$518,120

- Cost avoidance per dollar spent for site visit reviews

$$\$965,953,794 / \$518,120 = \$1,864$$

***For every \$1 spent CAS returned \$1,864 as cost avoidance***

- Cost avoidance per hour spent for site visit reviews

$$\$965,953,794 / 4,512 = \$214,086$$

***For every hour spent CAS returned \$214,086 as cost avoidance***

- In addition, cash reimbursements per hour spent for site visit reviews

$$\$5,170,061 / 4,512 = \$1,146$$

***For every hour spent CAS returned \$1,146 as cash reimbursement***

## Benefit of the Return on Investment (ROI)

- What happens to the CAS cost avoidance?
- *Each year, each Federal agency has a budget for the dollars that will be spent funding discretionary and non-discretionary awards.*
- *As a whole, there are not separate budgets for direct costs and F&A costs.*
- *Therefore cost avoidance on the F&A rates provides more dollars to be used on the direct costs of Federal awards.*

# Micro-purchase threshold higher than \$10,000

The contact for requesting a waiver for the micro-purchase threshold should be sent to ~~Andrea Brandon~~ Alice Bettencourt, HHS-ASFR, shown below:

Alice Bettencourt

Director, Division of Grants Policy, Oversight and Evaluation

Office of Grants

Office of the Assistant Secretary for Financial Resources (ASFR)

U.S. Department of Health and Human Services

[alice.bettencourt@hhs.gov](mailto:alice.bettencourt@hhs.gov)

# Updated DS-2

- Still waiting for a new DS-2 form to be issued from OMB
- If making DS-2 changes to comply with current Uniform Guidance, send us amendments to your current DS-2 when submitting your next F&A rate proposal

## Updated DS-2

- If making other significant or material changes, send us amendment prior to making the change. Do not need to update entire old DS-2 form, just send amendment sheets
- When new DS-2 form is available, send new DS-2 with the next F&A rate proposal submission

# Hot Topics

- **Library studies** – CAS does **NOT** want to see them
- CAS cannot interview those who were used in the study at a specific point of time. CAS considers library studies to be unreviewable and is not accepting them at this time
- Library components must be **reasonable**. Consider the true purpose of a campus library. Consider the resources that investigators and researchers have available other than the campus library



# Hot Topics

- **Building & Equipment Depreciation write-offs** – due to changes in useful lives resulting from methodology changes
- Only write-offs that occurred in the base year of the F&A proposal will have any consideration
- Write-offs must be clearly documented and shown in the proposal. CAS should not have to find write-offs only if asking for depreciation breakdown schedules
- CAS will determine the acceptability of any write-offs and how they should be handled in the negotiation of the F&A rates

# Hot Topics

- **O&M Sub-pooling** – purpose should NOT be to maximize the allocation of O&M to Organized Research
- Minimize the amount of sub-pools
- Multiple sub-pools may cause the Utility Cost Allowance (UCA) to be over-charging the Federal government O&M costs
- Sub-pool allocation basis must be reasonable. Consider FTE as a better allocation basis than Square Footage for certain sub-pools



# QUESTIONS

