

Bureau of Indian Affairs Contract Support Cost Workgroup

TIBC Update
November 2014



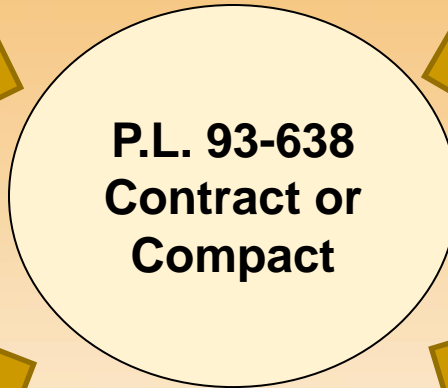
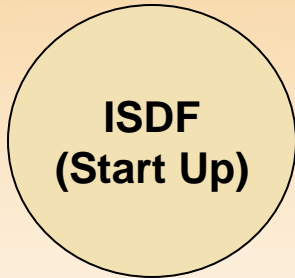


Contract Compact Funds

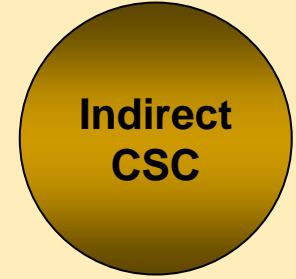
Sec 106(a)(1)



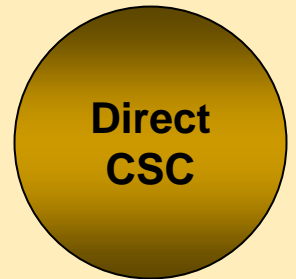
Sec 106(a)(5)



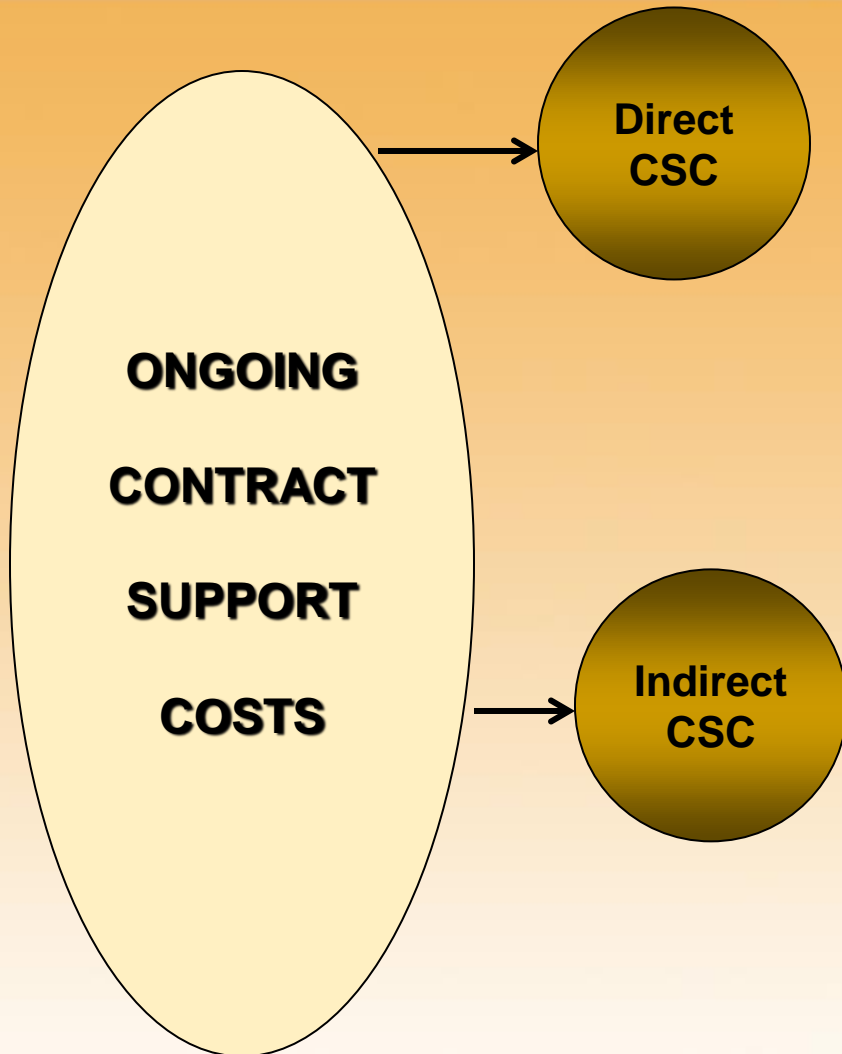
Sec106(a)(2)



Sec 106(a)(3)(A)



Contract Support Costs-Ongoing



Direct Contract Support Costs

DCSC pay for administrative activities that are not contained in either the IDC pool or direct program funds. They are more like direct program dollars than Indirect Dollars as they serve one program/cost objective.

Examples: Facilities, Unemployment, Workman's Compensation

Indirect Contract Support Costs

Those costs incurred for a common or joint purpose benefiting more than one cost objective, not assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. Generally negotiated with the Interior Business Center.

Examples: Accounting, Purchasing, HR



Contract Support Costs

Fair Compensation for Past CSC Shortfalls

- Ramah Class Action -23 year old case w/ 2 past distributions
- June 19, 2012-Supreme Court upheld Full Funding for CSC
 - “Native Americans to get Millions after Big Victory in Supreme Court”
 - Additional Settlement Discussions of Ramah Class Action ongoing
- Sampling Tribal financial information to estimate settlement amounts
- Anticipate 1-2 years before distribution

BIA Contract Support Costs Workgroup



- Formed in 2003 as part of RAMAH settlement for DCSC Policy
- Convenes annually to provide technical advice to BIA/Tribes
- Revised entire Policy (not just DCSC)
- May 8, 2006-New policy adopted
 - Based upon IHS DCSC @ 15% Salaries in July 2007
 - 1st Annual CSC Shortfall Report to Congress for FY 2009 in FY 2010

Contract Support Costs Policy

POOL	TITLE	POLICY DESCRIPTION
Pool 1	ISD Fund	Composed of any funding associated with new and expanded awards- pre-awards, start-up, CSC in year one
Pool 2	CSC Base	Prior year CSC funding (base or stable funds). Composed of the total amounts awarded by the BIA in prior year for direct and indirect CSC
Pool 3	CSC Increase	Composed of amounts, if any, appropriated for increases from the prior year “CSC base.” Paid out to meet additional CSC needs in a bottoms up approach



Contract Support Costs Funding

Funding and Shortfall Report (SFR)

- **2007: \$143,628,000**
- **2008: \$149,066,000**
- **2009: \$147,294,000 (72.60%)**
- **2010: \$166,000,000 (75.16%)**
- **2011: \$219,200,000 (97.46%)**
- **2012: \$219,200,000 (94.86%)**
- **2013: -5% sequestration**
- **2014: \$241,900,000 (100%)**
- **2015: CR through Dec. 11**

Contract Support Costs Appropriation



FY2014 & FY2015 CSC Appropriation Language

- SHORT TERM--Full Funding for 2 years
 - No CSC Line item: Agency to find the funds within its budget
 - Untenable position: Mandatory CSC requirement vs Discretionary Funding
- LONG TERM--Consultation to address solutions for the long run
 - Consider a standardized, streamlined approach keeping in mind that IDC rates change annually

Contract Support Costs Workgroup



Long Term Recommendations

- Full CSC Funding - NO Program Cuts
- Mandatory indefinite appropriation
- No change in ISDEAA
- Simplify IDC Negotiation - Over ½ of Tribes do NOT have current rates
- Workgroup work with IBC & OMB to determine if:
 - IDC Rates can be deemed approved if no correspondence received from IBC after 90 days
 - Fixed multi-year rates are allowable

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Recommendations, *continued*

- DCSC - change amount allowed from 15% to 18% of salaries
- Timely distribution of Funds
- Budget CSC with all program increases
- Training on policy and Short Fall Report (SFR)
- Overpayments - fair, predictable consistent resolution
 - Adequate notice with appeal rights
 - Options
 - Repay CSC in current year
 - Off-set in the following year

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Recommendations, *continued*

Interior Business Center/Program Support Center (IBC/PSC)

1. Work through the aging list of Tribes negotiating current Indirect Direct Cost (IDC) Rates (60-70% of Tribes do not have current IDC Rates)

Recommendation: IBC to identify problems with timeframe to approve agreements.

- a) Streamline process and reduce IBC administrative burden;
 - b) If proposal not approved within 90 days, proposal deemed approved;
 - c) Multi-year rates; and
 - d) Assigning consistent examiners and the examiners process when negotiating.
2. Identification of Exclusions/Pass-thrus
- Recommendation:** Correctly identify Exclusions and Pass-thrus in the Contract Support Cost (CSC) base definition (modify standard language to reflect what the Tribe has negotiated in the direct base).

Contract Support Costs Workgroup



Recommendations, *continued*

Interior Business Center/Program Support Center (IBC/PSC) (*continued*)

3. IBC representative attend the CSC Workgroup meetings

Recommendation: Assistant Secretary Indian Affairs (ASIA) request IBC representative be a member of CSC Workgroup.

4. Develop a “clearinghouse” for disseminating IDC rates/proposals

Recommendation: IBC to develop website with security controls.

5. Consistency between IBC-Indirect Cost Services (ICS) and PSC-Division of Cost Allocation (DCA)

Recommendation: ICS and DCA to meet to share best practices.

Contract Support Costs Workgroup



Recommendations, *continued*

Bureau of Indian Affairs (BIA)

1. Timely distribution of funds (contracted and CSC programs)

Recommendations:

- a) Deadline should be established for all programs;
- b) Review of distribution/obligation process to reduce backlog;
- c) Tribes provide required documentation as soon as possible; and
- d) Disseminate information on any funding increases or decreases as soon as possible.

2. Increase percentage of Direct Contract Support Cost (DCSC) to salaries due to increase in fringe benefit costs

Recommendation: Increase percentage to 18% of program salaries. Current percentage used to calculate DCSC is 15%.

Contract Support Costs Workgroup

Recommendations, *continued*

Bureau of Indian Affairs (BIA) (*continued*)

3. CSC Report

Recommendation:

- a) Statement of what the individual is certifying; and
- b) Establish a data cutoff date (September 30).

4. Small and Needy Tribes without IDC rates

Recommendation: Provide CSC in the amount of \$65,000 or their total contracted 106 (a)(1) contracted amount, whichever is less.

5. Increased workload Lump Sum negotiations (due to Super Circular/raised audit threshold from \$500,000 to \$750,000)

Recommendation: Training of BIA and Tribal staff to include creation of templates, samples and training mentors.

6. Possibility of pilot rates (negotiated fixed reimbursement rate)

Recommendation: Have BIA research Indian Health Service (IHS) pilot project to determine if it might be a feasible option.

Contract Support Costs Workgroup



Recommendations, *continued*

Office of Self-Governance (OSG)

1. OSG-CSC Calculation Form (BIA-CSC calculation Form)

Recommendation: To develop submission form that captures all data elements necessary to complete the CSC calculation and seek OMB approval for future years.

2. Timely distribution of funds

Recommendation:

- a) Deadline should be established for all programs;
- b) Review of distribution/obligation process to reduce backlog;
- c) Tribes provide required documentation as soon as possible;
- d) Disseminate information on any funding increases or decreases as soon as possible; and
- e) Hiring of a budget analyst.

Contract Support Costs Workgroup



Recommendations, *continued*

Office of Self-Governance (OSG) (*continued*)

3. Increase percentage of DCSC to salaries due to increase in fringe costs

Recommendation: Increase percentage to 18% of program salaries. Current percentage used to calculate DCSC is 15%.

NOTE: BIA Recommendations:

1. OSG submit funding distribution list in a timely manner in accordance with the applicable CRs or distributions; and
2. Identify and track multiple IDC Rates per awardees at the OSG level.

Contract Support Costs Workgroup



Recommendations, *continued*

Department of Interior/Indian Health Service (DOI/IHS)

1. Indian Self-Determination and Education Assistance Act (ISDEAA)

Recommendation: No changes to the Law.

2. CSC funding

Recommendation:

a) Work with Congress and OMB to develop legislation to make CSC funding a mandatory indefinite appropriation; and

b) X-year CSC appropriation.

3. 100% CSC funding

Recommendation: No program dollars should be used to fund CSC.

Contract Support Costs Workgroup



Recommendations, *continued*

Department of Interior/Indian Health Service (DOI/IHS) (*continued*)

4. New program dollars

Recommendation: When the President requests an increase in a given program, the President's Budget should also identify the projected additional CSC requirement that is associated with that increase.

5. Sequestration

Recommendation: Tribes and Federal Government to be restored the amount that was sequestered (both program contracted amounts and CSC).

Contract Support Costs Workgroup

Recommendations, *continued*

Department of Interior/Indian Health Service (DOI/IHS) (*continued*)

6. CSC distribution “Overpayment”

Recommendation: BIA/IHS should adopt a fair, predictable and consistent approach for dealing with CSC “overpayments.”

- a) Adequate notice to the Tribes of “overpayments” with appeal rights and identification of possible impacts;
- b) If Tribe does not repay in the current year, BIA will off-set in the following year in lieu of imposing a Bill for Collection from Treasury which risks all federal funding transactions to the Tribe or Awardee.
- c) Define “Overpayment” as a distribution of CSC based on the most current IDC rate and most current negotiated DCSC or lump sum negotiated amounts at September 30 each year.
 - The calculation of the “overpayment” is based on the most current available rate at September 30 - this date would be used for every Area/Region to include OSG, no exceptions.

Contract Support Costs Workgroup



Recommendations, *continued*

Department of Interior/Indian Health Service (DOI/IHS) (*continued*)

7. CSC Training

Recommendation:

- a) DOI-Develop training model with CSC workgroup members and Awarding Officials on CSC policy, implementation on data required for the CSC report;
- b) Currently BIA offers ISDEAA classroom training, webinars, and on-line training;
- c) IHS-Develop CSC training; and
- d) Attach trainings to National Meetings (example: TBIC, NCAI, SG Conference, Providers Conference, Partners in Action, etc.).

Contract Support Costs Workgroup



Recommendations, *continued*

Department of Interior/Indian Health Service (DOI/IHS) (*continued*)

8. CSC Policy Consistency

Recommendation:

- a) IHS honors IDC Rate up to 3-years old and BIA honors IDC Rate up to 4-years old.
- b) BIA and IHS staff to jointly review policy and provide recommendations to CSC workgroups:
 - Please note, the DCSC should be excluded from this consistency analysis as the BIA CSC Workgroup will continue to analyze this, the CSC Policy of both Agencies should follow their respective missions.

Contract Support Costs Workgroup



Recommendations, *continued*

Department of Interior/Indian Health Service (DOI/IHS) (*continued*)

- c) Retain the three pool structure. The three pool structure is identified in the CSC Policy Handbook, the pool structure has worked for years where 100% CSC funding was not available:
 - **Pool 1** is Indian Self-Determination Fund for Startup and Pre award Costs.
 - **Pool 2** is IDC and DCSC.
 - **Pool 3** is for Special Congressional Appropriations.
- d) Provisions need to be established for non-current IDC rate adjustments (Contract Dispute Act claims and fixed-carry forward IDC rate adjustments).

Contract Support Costs Workgroup



Recommendations, *continued*

Bureau of Indian Education (BIE)

1. Administrative cost grant

Recommendation: Consideration of full funding of the Administrative costs grant

2. Choctaw Decision Schools

Recommendation:

- a) Consistency in applying the exclusions;
- b) Consistency in applying criteria for eligibility; and
- c) All Choctaw Decision Schools be included on the CSC report.

Contract Support Costs Workgroup



Recommendations, *continued*

Indian Employment, Training and Related Services Demonstration Act of 1992, Education Assistance, Public Law 102-477

1. OSG-CSC Calculation Form (BIA-CSC calculation Form)

Recommendation: To develop submission form that captures all data elements necessary to complete the CSC calculation and seek OMB approval for future years.



Contract Support Costs: What's Next?

- Recommendations approved
- Update CSC Policy

Workgroup Members

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