



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

MAR 22 2016

Dear Tribal Leader:

We are pleased to present the draft policy for providing full funding for contract support costs (CSC) incurred by tribes under self-determination contracts and self-governance funding agreements. The draft policy provides a simplified and streamlined approach to calculating CSC that reflects the commitment of the Assistant Secretary – Indian Affairs to paying all tribes full CSC. The input you and other Tribal leaders have provided in past CSC consultation and listening sessions has underscored the importance of CSC funding, and we hope that you will take the opportunity to review this latest draft and provide comments.

A copy of the draft policy is available for your review at: <http://www.bia.gov/WhoWeAre/AS-IA/Consultation/index.htm>.

We will be hosting the following consultation sessions to discuss this draft CSC policy and invite your participation:

Date	Time (Local Time Zone)	Location
Wednesday, April 27, 2016	2:00 pm – 4:00 pm	Buena Vista Palace and Resort 1900 E Buena Vista Drive Lake Buena Vista, FL 32830 Meeting Room: Great Hall North (in conjunction with the 2016 Annual Tribal Self-Governance Consultation Conference)
Tuesday, May 17, 2016	9:00 am – 1:00 pm	DOI University- National Indian Programs Training Center, 1011 Indian School Road NW, Albuquerque, NM 87104 Meeting Room: 231-233
Thursday, May 19, 2016	9:00 am – 1:00 pm	Hilton San Francisco Union Square, 333 O'Farrell Street, San Francisco, CA 94102 Meeting Room: Taylor AB
Friday, June 10, 2016	9:00 am – 1:00 pm	The Skirvin Hilton Oklahoma City, One Park Avenue, Oklahoma City, OK 73102 Meeting Room: Continental Room

If you would like to provide written input, please send it by email to consultation@bia.gov or by mail to: Office of the Assistant Secretary – Indian Affairs, attn.: CSC Comments, 1849 C Street, NW, MS-3071-MIB, Washington, DC 20240. We will consider all written input we receive by July 29, 2016.

If you have any questions regarding these sessions or would like additional information, please do not hesitate to contact Ms. Hankie Ortiz, Deputy Bureau Director – Indian Services, Bureau of Indian Affairs, at (202) 513-7640 or via email: hankie.ortiz@bia.gov.

We look forward to your input on this draft CSC policy.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lawrence S. Roberts", is centered on the page. The signature is fluid and cursive, with a large, stylized initial "L" and "R".

Lawrence S. Roberts
Acting Assistant Secretary – Indian Affairs

Department of the Interior Bureau of Indian Affairs

CONTRACT SUPPORT COSTS POLICY TRIBAL LISTENING SESSION AT NCAI



February 25, 2016

Indian Affairs Commitment

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Indian Affairs is committed to paying 100% of the calculated Contract Support Cost (CSC) need.

Listening Session Goals

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- Summarize prior CSC Consultation
- Talk about the work that has been done on the CSC Policy in the last couple of years
- Share proposed changes based on prior consultations
- Most Important: Solicit feedback and comments on proposed changes

CSC FY 2014 Appropriations Language

“...formulate long-term accounting, budget, and legislative strategies to address the situation. In the Committees’ view, each Department’s solution should consider a standardized approach that streamlines the contract negotiation process, provides consistent and clear cost categories, and ensures efficient and timely cost documentation for the Departments and the Tribes.”

CSC FY 2016 Appropriations Language

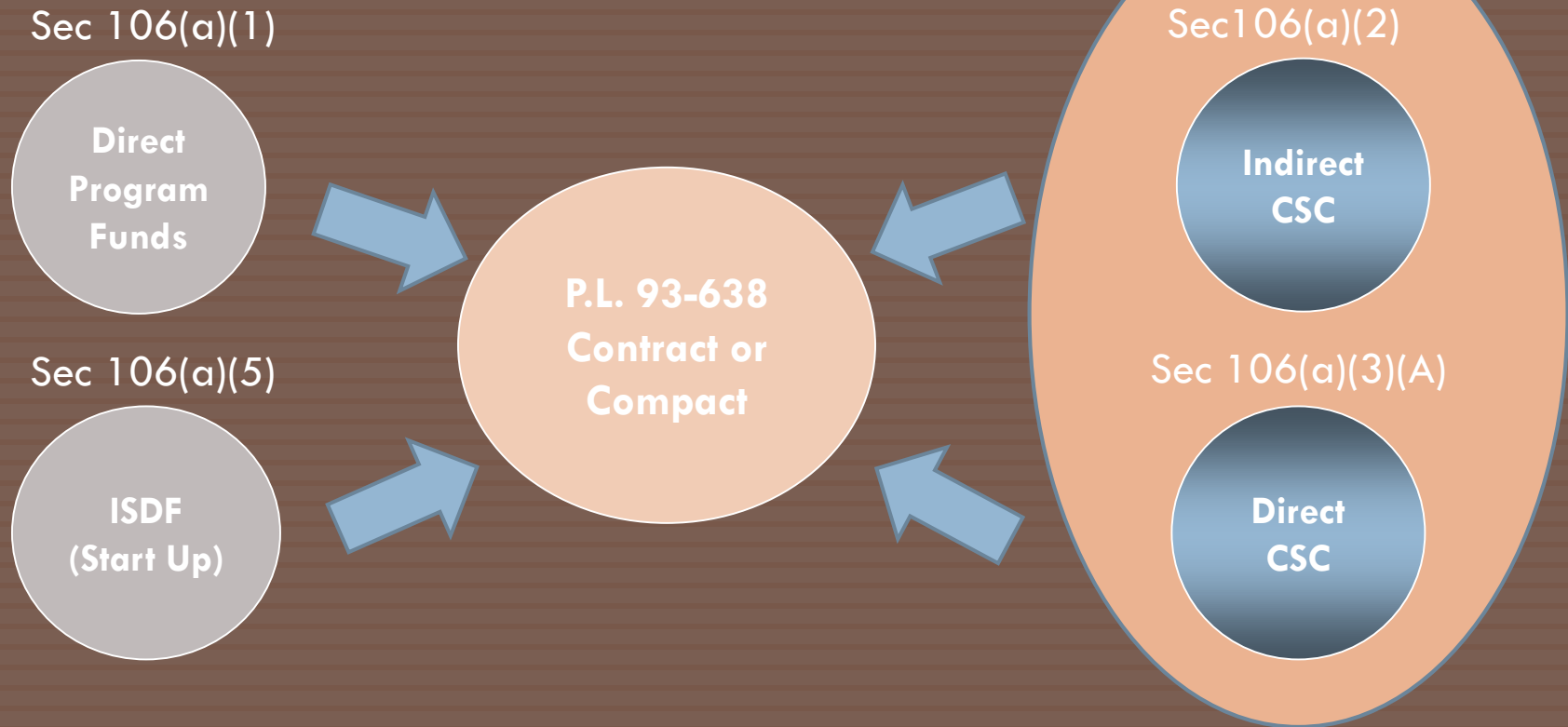
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CONTRACT SUPPORT COSTS

For payments to tribes and tribal organizations for contract support costs associated with Indian Self-Determination and Education Assistance Act (ISDEAA) agreements with the Bureau of Indian Affairs (BIA) for fiscal year 2016, such sums as may be necessary, which shall be available for obligation through September 30, 2017: Provided, That amounts obligated but not expended by a tribe or tribal organization for contract support costs for such agreements for the current fiscal year shall be applied to contract support costs otherwise due for such agreements for subsequent fiscal years: Provided further, that, notwithstanding any other provision of law, no amounts made available under this heading shall be available for transfer to another budget account.

ISDEAA

Contract Compact Funds



Contract Support Costs

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**ONGOING
CONTRACT
SUPPORT
COSTS**

**Direct
CSC**

**Indirect
CSC**

Direct Contract Support Costs (DCSC)

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 Funding

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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: \$207,743,000 (92.09%) (Sequestration)
- 2014: \$242,000,000 (100%)
- 2015: \$246,000,000 (100%)
- 2016: Indefinite (estimated at \$277,000,000)
- 2017: Indefinite (estimated at \$278,000,000)

2014 CSC Consultation Sessions

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- **March 11**: NCAI Executive Council Winter Session, Washington, DC
- **May 7**: Tribal Self-Governance Conference, Arlington, VA
- **June 8-11**: NCAI Mid-Year, Anchorage, AK
- **July 29**: Navajo Nation, Tse Bonito, NM
- **July 30**: Wild Horse Pass Hotel, Chandler, AZ
- **July 31**: Embassy Suites, Oklahoma City, OK
- **August 6**: Mystic Lake Casino Hotel, Prior Lake, MN
- **August 19**: Best Western Ramkota Hotel, Rapid City, SD

Updates to the CSC Policy

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- Move from its status as a National Policy Memorandum to the Indian Affairs Manual (IAM)
- Streamline
- Simplify
- The following slides review specific changes

CSC Consultation - Question 1

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Contract Support Funds are identified in 3 pools, if BIA is paying full Contract Support Costs, is a 3 pool approach still effective?

NEW Policy

The pool methods have been deleted.

CSC Consultation - Question 2

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How can BIA clarify the Indirect Cost Rate (IDC) portion of the CSC Policy?

NEW Policy

Simplified Method – Tribes that do not meet the single audit threshold and do not have an approved IDC rate that is four or fewer years old, may have their CSC IDC need calculated at a flat rate of 30%.

CSC Consultation - Question 3

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How should BIA determine Indirect Costs for Tribes without a formal Indirect Cost Rate Agreement?

- Currently, the BIA negotiates a lump sum amount for “Indirect Type Costs.”

NEW Policy

Negotiated Lump Sum Amount – Tribes that met the single audit threshold in the prior fiscal year and do not have an approved IDC rate that is four or fewer years old may negotiate with the Awarding Official or Office of Self-Governance (OSG), as applicable, a lump-sum amount for indirect type costs. The amount negotiated will be effective for the entire contract year and the tribe will be required to have a new approved IDC rate or negotiated lump-sum amount for each succeeding contract year.

CSC Consultation - Question 4

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Should small and needy Tribes that have not negotiated a formal IDC Rate Agreement receive a flat rate of 30% for Indirect Costs?

- **Small and Needy Tribes are defined as Tribes, located in the lower 48 states, that have less than \$160,000 in annual funding and have 1,700 or fewer members enrolled and the Alaska Native tribes must have less than \$200,000 in annual funding to qualify as small and needy.**

NEW Policy

- **All Awardees' will be captured in either the Simplified or Negotiated methods.**

CSC Consultation - Question 5

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Direct Contract Support Costs (DCSC), currently, the BIA uses 15% of program salaries (minus fringe).

NEW Policy

BIA will continue to calculate awardees' DCSC need based on 15% of identified salaries minus fringe, but now it is written in policy. The current method will make DCSC more predictable for budget purposes and reduces BIA administrative time and resources to negotiate with each awardee.

CSC Consultation - Question 6

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How should overpayments be recovered, to be fair to all Tribes?

NEW Policy

A CSC overpayment is any amount paid over the amount calculated under this policy. A CSC overpayment is determined at the end of the tribe's fiscal year, without regard to the later issuance of a different IDC rate for that period. The Awarding Official and Office of Self-Governance (OSG) will follow a process which allows tribes to respond to overpayment determinations or identify errors or corrections in CSC payment calculations. No overpayment determination shall result in a bill or collection until the procedure set out in the Financial Management Collection Procedures Handbook is completed.

CSC Consultation - Question 7

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Should BIA propose a change to section 106(c) of Indian Self-Determination and Education Assistance Act, 25 USC 450j-1(c), so that the annual CSC report is submitted to Congress later than the current due date of May 15th?

NEW Policy

Changing the statutory date could hinder the CSC fund request, therefore, internal deadlines have been established to meet the statutory deadline.

CSC Report Due Dates

November 15th

- The Regions and OSG shall provide a report to Central Office for the previous fiscal year ended September 30.
- The report shall be certified as accurate by the Regional Finance Management Officer, Regional Director, and OSG, respectively.
- “For awardee validation”, a copy of the Region’s data and/or OSG’s data shall be provided to the awardees within that Region and within OSG.

December 15th

- Any corrections or changes resulting from awardee review shall be certified by the Regional Finance Office and by OSG, respectively, and submitted to the Central Office.

Variables for Meeting 100% of CSC Need

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- IDC rates may change from year to year, increasing or decreasing the amount of CSC need for each tribe/tribal organization
- Tribes/tribal organizations can increase or decrease the number of ISD contracts
- Inflation
- Amount appropriated by Congress

What is the overall intent of changing to an IAM Chapter and possible problems?

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- Provide a simple process for BIA Awarding Officials and OSG to calculate and pay CSC.
- Make CSC more predictable in order to budget out two (2) years in advance.
- Help Tribal employees more clearly understand how the BIA will calculate and pay CSC.

CSC Handbook-Proposed Contents

1. History of Contract Support Cost Policy
2. Definitions
3. Examples of CSC (startup costs, pre-award, DCSC, IDC)
4. Template letter and Excel form requesting startup and pre-award funds
5. Template pre-award notice letter
6. Template letter from Awarding Official or OSG to tribe giving notice of alleged overpayments

CSC Handbook-Proposed Contents (Continued)

7. Flowchart for method of determining IDC
8. Examples of how overpayment can occur or what causes overpayment
9. Templates for CSC calculation
 - a. Annual CSC Report
 - b. Choctaw decision school's CSC calculation
 - c. CSC calculation sheet for Title I tribes
 - d. CSC calculation sheet for Title IV tribes
 - e. 477 CSC calculation

CSC Handbook-Proposed Contents (Continued)

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10. Timeline in chart form for Annual CSC Report
11. Certification – Single Audit not required
12. Template Findings & Determination (F&D) concerning overpayment
13. Letter from Awarding Official or OSG to IBC to issue bill of collection

What's Next?

- Formal Consultation will begin soon and last for 90 Days. Indian Affairs will provide notice on where and when to submit comments on the draft policy and will identify consultation sites.
- After the consultation period ends, the BIA CSC Workgroup will meet to discuss the comments, finalize the CSC Policy in the IAM Chapter and ensure that the handbook items conform with the final version of the IAM Chapter.
- Four (4) Tentative Consultation Sites:
 - April 27th – Self-Governance Conference, Lake Buena Vista, FL
 - Albuquerque, NM
 - Sacramento, CA or San Francisco, CA
 - Oklahoma City, OK or Tulsa, OK



Comments or Questions?



THANK YOU