

## Appendix A

**GUIDELINES FOR PROPOSAL PREPARATION AND COST ANALYSIS OF REQUESTS  
FOR  
DIRECT CONTRACT SUPPORT COSTS (DCSC)**

DIRECT CONTRACT SUPPORT COSTS (DCSC) are one of three types of contract support costs (CSC). They pay for ongoing activities that are not contained in either the amount computed pursuant to section 106(a)(1) or the indirect cost (IDC) pool or an "indirect type" cost budget. DCSC amounts are awarded on a recurring basis. The BIA provides inflationary increases on DCSC based on the OMB non-medical cost inflation rate to the extent appropriations are available. Other than for inflationary costs, a change in DCSC requirements entails a renegotiation with the delegated BIA representative of the amounts required. This may be requested on an annual basis if the Awardee feels circumstances warrant renegotiating these costs.

**DCSC Proposal.** The determination of DCSC requires a proposal from the Awardee. Awardees who do not submit a proposal that includes DCSC will not establish a DCSC requirement and will not be funded for these costs. A DCSC proposal requires adequate detail and documentation for the BIA or OSG to determine if the costs requested are allowable as DCSC and are not duplicated in the 106(a)(1) amount or in the IDC amounts requested. For a DCSC proposal, this normally includes the salary of the Federal employees transferred and the Federal fringe benefits paid on that salary by category. In addition, the Awardee must provide the personnel budget of the PFSA and the detailed fringe benefit costs of the Awardee's benefit package. The Awardee must also provide justification for costs in other budget categories for which DCSC is requested.

**DCSC Requirement.** It is understood that the historical 106(a)(1) amount, which has been provided to Awardees, does not include additional DCSC that Awardees must incur to prudently manage their contracts or compacts. To identify the Awardees' total DCSC requirement, the Awardee and a delegated BIA representative must negotiate these costs. In the past, Awardees may have included DCS-type costs in their 106(a)(1) budgets, even though the BIA / OSG may have never included such costs in the 106(a)(1) amount (for instance, workers compensation insurance and other liability insurance). In the past Awardees may have also included DCS-type costs in their indirect cost pools (a practice which is an alternative and permissible way of recovering these costs). To avoid duplication of costs, the BIA and the Awardee must ensure that any funds included in the DCSC requirement have not already been provided to the Awardee in the 106(a)(1) amount, the Awardee's indirect cost pool or the indirect type cost amount.

In circumstances where the BIA has never operated the PFSA, such as new programs or new appropriations for expanded programs, the BIA will compute the amount the Secretary would have provided to directly operate the program from a "profile" developed from other, similar BIA programs. When preparing the DCSC proposal, the Awardee and the delegated BIA representative should request the amounts the BIA has provided in the 106(a)(1) amount in support of the PFSA to be transferred, but it should also include amounts the BIA would have used to support the PFSA from BIA or other Federal resources not included in the 106(a)(1) amount and not included in the indirect cost pool or indirect cost type amounts. In cases where the PFSA has not previously been operated by the BIA, the Awardee should request the cost "profile" from the BIA to determine what the 106(a)(1) amount would have been.

DCSC does not include fringe benefit costs on Federal employees that are not paid through the 106(a)(1) amount. These costs continue to be paid by the Federal government on Intergovernmental Personnel Act (IPA) employees, and DCSC for these employees are not due until the employee or position transfers to direct tribal hire. Awardees should carefully maintain historical data on IPA transfers. These positions become eligible for DCSC as they become vacant and are not expected to be replaced with another IPA. Similarly, Awardees should maintain historical records of federal positions that were replaced with tribal employees at the time of the contract award. The Awardee must submit an ISD/CSC request or renegotiate the DCSC to ensure these costs are included in the DCSC

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requirement. Contracts that do not have large personnel components or contracts operated primarily with IPA employees normally require smaller amounts of DCSC when calculated as a percentage of the total award. DCSC-type costs can vary significantly depending on the type of service and service delivery model selected by the tribe.

In addition to certain fringe benefit costs, the BIA will approve other selected costs as DCSC, including mail, phone, and printing costs (depending on local circumstances) to the extent these costs are centrally managed costs and are therefore unavailable for transfer to Awardees as part of the Section 106(a)(1) Secretarial amount. To the extent such costs are transferred to a Regional or BIA Office they will be available for inclusion in the 106(a)(1) amount and thus not eligible as DCSC. Reasonable costs for legal fees and general liability insurance are additional examples of costs that are allowable, since these are costs that the BIA either does not pay or are paid from resources other than those under contract. However, as is typical with tribes, such costs are not allowable as direct contract support costs when they are already included in an Awardee's indirect cost pool.

The delegated BIA representative is required to determine that amounts requested in the DCSC proposal are not duplicated in either the 106(a)(1) amount or in the indirect contract support amount. The review will include a careful analysis of this potential duplication and the deduction of any duplicated amounts from the DCSC requirement approved for the Awardee. In addition, the costs must be for activities that must be carried out by the tribal organization as a contractor to ensure compliance with the terms of the contract and prudent management, but which normally are not carried out by the BIA in the direct operation of the program.

The development of a DCSC proposal and the evaluation guidelines for each type of cost are outlined in the following pages. The guidelines are meant for the development and evaluation of a DCSC proposal under typical circumstances. Some DCSC proposals will have unique circumstances that do not fit the guidelines. In these cases, one must review the statutory intent and the BIA CSC Policy to determine if other DCSC will be required.

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<u>LINE ITEMS</u>	<u>GENERAL GUIDELINES</u>	<u>DOCUMENTATION</u>	<u>STANDARDS FOR REVIEW</u>
<p><b><u>SALARIES</u></b></p> <p>In general salaries and wages<sup>2</sup> for personnel are disallowed for direct contract support costs.</p> <p>Budgets for direct-salary costs are required for most DCSC proposals to accurately compute the requested fringe-benefit costs.</p>	<p>Awardees with or without indirect cost rates may be paid direct-salary costs for administrative employees as part of CSC; however, these costs should be categorized and negotiated as "indirect type costs," <u>not DCSC</u>, even though they are paid directly and not through the indirect cost mechanism.</p> <p>Although costs for direct salaries are generally disallowed, costs for certain fringe benefits on direct salaries are components of DCSC. The Awardee must provide sufficient salary detail to determine if the fringe benefit costs requested are reasonable and necessary.</p>	<p>Direct salary costs of employees are generally not allowed as DCSC.</p> <p>Tribal budgets are required from Awardees with a detailed salary listing for each position funded from the 106(a)(1) amount.</p>	<p>Salary requests, in general, are considered a duplication of the 106(a)(1) amount or an expansion of the negotiated 106(a)(1) amount.</p>

<sup>2</sup> Direct salaries can be included in DCSC as a non-recurring amount in situations where it is allowable as an IDC-type cost but the Awardee has an IDC cost-allocation plan that specifically excludes these costs. If such costs are later transferred to the Awardee's IDC pool, the BIA will cease paying them as DCSC costs.

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<u>LINE ITEMS</u>	<u>GENERAL GUIDELINES</u>	<u>DOCUMENTATION</u>	<u>STANDARDS FOR REVIEW</u>
<p><b>FRINGE BENEFITS</b></p> <ul style="list-style-type: none"> <li>- Federal Insurance Contributions Act (FICA)</li> <li>- Life, Health, and Disability Insurance</li> <li>- Retirement (401k, 403b, etc.)</li> </ul> <p>(All fringe benefits except workers compensation costs and unemployment insurance)</p>	<p>The BIA / OSG reviews the documented amounts requested by the Awardee and deducts the amount provided as part of the 106(a)(1) amount to the Awardee. The Awardee should request that the Agency provide a detailed breakout of each component of the fringe amount when providing the total 106(a)(1) amount available for the PFSA's to be contracted.</p>	<p>Documentation of fringe benefits should include the Awardee's rate for each type of fringe benefit for which DCSC is requested.</p> <p>For a new Awardee, written quotes for costs should be provided to support the costs claimed.</p>	<p>The BIA / OSG totals the amount provided in the 106(a)(1) amount for FICA, health, life and disability insurance, and retirement. To the extent the budgeted tribal costs are determined to be reasonable and necessary and these costs exceed the amounts the Agency provides for these costs in the 106(a)(1) amount, the difference is allowed as a DCSC requirement for the PFSA's transferred.</p>

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<b>FRINGE BENEFITS</b>			
- Workers Compensation Insurance	Funding for workers compensation costs is not transferred as part of the 106(a)(1) amount.	Awardees should provide documentation for workers compensation costs.	Costs of workers compensation insurance are allowed as a DCSC requirement.
- Unemployment Insurance	Unemployment insurance is not provided as part of the 106(a)(1) amount.	Awardees should provide documentation of State Unemployment Insurance costs.	Costs of State Unemployment Insurance are allowed as a DCSC requirement. <sup>3</sup>

Example of the fringe benefits calculation:

Item	Tribal Amount	BIA Amount	Difference
FICA	1,000	900	---
Retirement Insurance	2,000	1,250	---
(Life, Health, Disability)	750	1,000	---
<b>Sub-Totals</b>	<b>3,750</b>	<b>3,150</b>	<b>600</b>
Workers Compensation	200	---	200
Unemployment	400	---	400
<b>TOTALS</b>	<b>4,350</b>	<b>3,150</b>	<b>1,200</b>

<sup>3</sup> The IRS has determined that Tribes and Tribal instrumentalities are not subject to Federal Unemployment Tax. Therefore, this cost will not be allowed in those instances.

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<u>TRAVEL/VEHICLE LEASE</u>	These are generally not provided as an allowable DCSC. Travel costs in support of administrative functions normally included in an IDC cost pool (such as Board of Directors travel cost) can be paid directly to the Awardee when the they do not have an IDC rate. In this situation, however, these types of costs are categorized as "indirect type costs."	Travel costs are not generally allowed by the BIA as a DCSC requirement.	Requests for travel are considered duplicative of the 106(a)(1) amount, or as an activity that would normally be carried on by the BIA in the direct operation of the program.
<u>SUPPLIES</u>	These are generally not provided as an allowable DCSC.	Supply costs are not generally allowed by the BIA as a DCSC requirement.	Requests for supplies are considered to be duplicative of the 106(a)(1) amount or as an activity that would normally be carried on by the BIA in the direct operation of the program.

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<p><b><u>INSURANCE</u></b>                      General Insurance (property, fire, general liability)</p>	<p>The BIA, as a branch of the Federal Government, is self-insured. Therefore, reasonable insurance costs, such as property insurance on buildings and vehicles, and general liability insurance, can be allowable as DCSC.</p>	<p>A detailed estimate of costs of insurance for property, vehicles and general liability must be provided. It is important to document that costs are not included in the IDC pool where an IDC rate is used.</p>	<p>The BIA reviews insurance coverage to determine that it is not included in the Awardee's indirect cost pool or indirect type cost agreement.</p>
<p><b><u>POSTAGE (excluding express mail)</u></b></p>	<p>This cost is not borne by BIA programs in the general course of doing business. Funds for these costs have not been transferred to Regional Offices, and therefore this cost is allowable as DCSC.</p>	<p>These costs are allowable.</p>	<p>These costs are allowable.</p>
<p><b><u>PRINTING AND DUPLICATION</u></b></p>	<p>This is generally not included in the DCSC requirement.</p>	<p>This is not generally allowed by the BIA.</p>	<p>This is generally considered to be duplicative of the 106(a)(1) amount.</p>

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<p><b><u>COMMUNICATIONS</u></b>                      Long distance calls, telefax costs; Intranet/Internet; maintenance agreements &amp; etc.</p>	<p>Costs for long distance calls are borne by the Secretary through GSA/FTS agreements; and are not generally transferred as Sec. 106(a)(1) amounts and may be eligible for DCSC.                       Cell phones are considered 106(a)(1) costs and are not eligible for DCSC.</p>	<p>Awardee must provide documentation.</p>	<p>Review Awardee overall communications budget and separate out costs necessary for contracted programs and not included in the Awardee's indirect cost pool. These costs should be considered on a case-by-case basis.</p>
<p><b><u>TRAINING</u></b>                      Discipline-specific training</p>	<p>This is generally included in the DCSC requirement to the extent the Awardee must provide training to comply with requirements not applicable to the Government and, therefore, not transferred in the 106(a)(1) amount.</p>	<p>Awardees should provide details on the cost and purpose of the training.</p>	<p>This is duplicative to the extent it is provided in the 106(a)(1) amount. These costs should be considered on a case-by-case basis.</p>
<p><b><u>TRAINING</u></b>                      Long-term training (Continuing Education)</p>	<p>The BIA has made available funds supporting long-term continuing education costs in the 106(a)(1) amount. Federal sites provide for long-term training from within their operational budgets. No additional funds are made available for this cost from DCSC.</p>	<p>Not applicable.</p>	<p>This is duplicative. Funding is provided as a part of the 106(a)(1) amount.</p>

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<p><b><u>EQUIPMENT PURCHASE AND MAINTENANCE</u></b></p>	<p>This is generally not included in the DCSC requirement. Funds for equipment purchase should be included in the 106(a)(1) amount or in the start-up amount for administrative equipment.</p>	<p>Not applicable.</p>	<p>This is considered duplicative because costs being requested have been passed on to the Awardee in the assumption of PFSA or other program 106(a)(1) amount, or are covered in the indirect cost pool.</p>
<p><b><u>RENT/UTILITIES</u></b>  Facilities Costs</p>	<p>Cost for rent, leases, security, maintenance, and utilities are borne by the Secretary through GSA leases. Funds are generally not transferred under the Sec.106(a)(1) amount, and may be eligible for DCSC.</p>	<p>Awardee must provide documentation.</p>	<p>This cost may be duplicative to the extent it is provided in the Sec. 106(a)(1) amount, in the Awardee's indirect cost pool or in the Awardee's indirect cost type funding. In the case of facilities built with federal funds the cost of construction should not be allowed.</p>
<p><b><u>LEGAL / PROFESSIONAL SERVICE COSTS</u></b>  May include legal/professional advice necessary for direct operation of a program.</p>	<p>Costs for legal advice, legal opinions, legal representation, or other professional costs that are borne by the Secretary; and are not generally transferred as Sec. 106(a)(1) amount, and may be eligible for DCSC.</p>	<p>Awardees must provide documentation.</p>	<p>Review Awardee's overall legal and professional expense budget and separate out costs necessary for contracted PFSA. Ensure that such costs are specific and necessary to perform the PFSA. These costs may be duplicative to the extent it is provided in the Sec. 106(a)(1) amount.</p>

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<b><u>BACKGROUND INVESTIGATIONS</u></b>	To the extent that funds are provided for in Sec. 106(a)(1) amount, they will not be allowable as DCSC.	Documentation must show how the costs are incurred.	Costs duplicative of the Sec. 106(a)(1) amount are not allowable as DCSC.
<b><u>TRIBAL COUNCIL &amp; BOARD OF DIRECTORS' COSTS</u></b>	These costs would generally be included in the Awardee's indirect cost pool to the extent determined to be eligible for Federal participation.	Awardees must provide documentation.	Costs duplicative of the Sec. 106(a)(1) or amounts included in the Awardee's IDC pool are not allowable as DCSC.
<b><u>CONTRACT COMPLIANCE</u></b> Mandatory program requirements.	Costs for compliance to complete the program that are not provided for in Sec. 106(a)(1) amount are generally allowable under DCSC.	Awardees must provide documentation.	Costs duplicative of the Sec. 106(a)(1) amount are not allowable as DCSC.

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<u>OTHER DCSC</u>	<p>The BIA recognizes that Awardees differ in the types and extent of costs included within their indirect-cost pools. The BIA will recognize as DCSC any item of cost that meets the definition of DCSC at section 106 (a)(2) but is not already included in the Awardee's IDC pool or in the 106 (a)(1) amount.</p>	<p>Awardees are to provide a detailed description and justification of costs showing they should be allowable pursuant to 106(a)(2).</p>	<p>Each cost must meet the definition of DCSC at 106(a)(2) of the Act; must not be included in the IDC pool or indirect type costs of the Awardee; and must not be duplicative of the costs available in the 106(a)(1) amount.</p>

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**GUIDELINES FOR PROPOSAL PREPARATION AND COST ANALYSIS OF REQUESTS  
FOR  
INDIRECT COSTS (IDC)**

**INDIRECT COSTS.** This document does not currently address indirect costs (IDC) or indirect type costs. Most tribes and tribal organizations have indirect cost rates that are negotiated with their cognizant Federal agency. The cognizant Federal agency for most tribes is the National Business Center, formerly the Office of Inspector General at the Department of Interior. For some tribal organizations who primarily contract or compact with the Indian Health Service, their cognizant Federal agency for determining an IDC rate is the Division of Cost Allocation under the Department of Health and Human Services. The respective addresses and phone numbers are as follows:

U.S. Department of Interior  
Office of the Secretary  
National Business Center  
Indirect Cost Services  
Attn: Deborah Moberly, Coordinator  
2180 Harvard Street, Suite 430  
Sacramento, CA 95815  
Ph. (916) 566-7111  
[http: www.nbc.gov/icshome.html](http://www.nbc.gov/icshome.html)  
email: [ics@nbc.gov](mailto:ics@nbc.gov)

U.S. Department of Health and Human Services  
Division of Cost Allocation  
Attn: Wallace Chan, Director  
50 United Nations Plaza, Room 347  
San Francisco, CA 94102  
Ph. (415) 437-7820  
[http: rates.psc.gov/dcamgrs.htm](http://rates.psc.gov/dcamgrs.htm)

Awardees are encouraged to refer to OMB Circular A-87 and OASC-10 for guidance with indirect cost rates. This document is accessible on the Internet at: <http://www.whitehouse.gov/omb/circulars/a087/a087-all.html>.

For assistance with indirect type costs, please refer to OMB Circular A-87 and contact your local Awarding Official.