Agenda:

# 1. Specific SWCAP Indirect Cost Issues

# 2. Status of SWCAP Negotiations

# 3. MA Approach to Indirect Costs

# 4 Discussion and Questions
Proposed 2020 UG Revisions:

- Pensions & OPEB
- Leases
- De Minimis Rate
- Other Changes
Section 200.431 Compensation-fringe benefits

(g) Pension Plan Costs. Pension plan costs which are incurred in accordance with the established policies of the non-Federal entity are allowable, provided that:

(3) For entities using accrual based accounting, the cost assigned to each fiscal year is determined in accordance with GAAP.

- This paragraph was deleted in the proposed revisions!
- Return to the rules prior to UG.
- We still have the issue of blending billings for defined benefit and defined contribution plans.
Section 200.430 Compensation of Personal Services and Fringe Benefits (cont.)

OPEB

(h) **Post-Retirement Health.** Post-retirement health plans (PRHP) refers to costs of health insurance or health services not included in a pension plan covered by paragraph (g) of this section for retirees and their spouses, dependents, and survivors. PRHP costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the non-Federal entity.
§200.465 Rental costs of real property and equipment.

(d) Rental costs under leases which are required to be accounted for as a financed purchase under GASB standards or a finance lease under FASB standards under GAAP are allowable only up to the amount (as explained in paragraph (b) of this section) that would be allowed had the non-Federal entity purchased the property on the date the lease agreement was executed. Interest costs related to these leases are allowable to the extent they meet the criteria in §200.449 Interest. Unallowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the non-Federal entity purchased the property.

(e) Rental or lease payments are allowable under lease contracts where the non-Federal entity is required to recognize an intangible right-to-use lease asset (per GASB) or right of use operating lease asset (per FASB) for purposes of financial reporting in accordance to GAAP.
The first proposed revision to 2 CFR §200.414(f) allows the use of the de minimis rate of 10% of modified total direct costs (MTDC) to all non-Federal entities except:

1. Governments that receive more than $35 million in direct federal funding

2. Education Agencies

When a non-Federal entity is using the de minimis rate for its federal grants, it is not required to provide proof of costs that are covered under that rate.
1. For transparency purposes, a proposed revision adds a new subsection to 200.414 (h) to require that all grantees’ negotiated agreements for indirect cost rates are collected and displayed on public website.

2. Appendix IV C 2: If the nonprofit does not receive any funding from any Federal agency, the pass-through entity is responsible for the negotiation of the indirect cost rates in accordance with section §200.331(a)(4).
Other Changes (Cont.)

§200.413(b) Program Evaluation Costs.

• To provide clarity and consistency among Federal awarding agencies, a revision to include program evaluation costs as an example of a direct cost under a Federal award has been included in 2 CFR 200.413 Direct costs. Agencies are reminded that evaluation costs are allowable costs (either as direct or indirect), unless prohibited by statute or regulation. The work under the Grants CAP goal performance work group emphasizes evaluation as an important practice to understand the results achieved with Federal funding.

• Still wondering why Performance Audits are not allowable.
Status of SWCAP Negotiations

• Many HHS CAS negotiations are still very late
  Some states do not have agreements for FY 18 statewide costs

• The two state and local branch chiefs have been replaced

  New York:  
  Amritha Sugrim-Singh

  San Francisco:  
  Cora Coleman
DISCUSSION AND QUESTIONS