

**Indian Health Service
 FY 2018 Report to Congress on Contract Funding
 of Indian Self-Determination and Education Assistance Act Awards
 (Includes FY 2018 Data)**

Table of Contents

Introduction and Background	3
Report Preparation.....	4
Report Elements - Summary	4
An accounting of the total amounts of funds provided for each program and the budget activity for direct program costs and contract support costs of tribal organizations under self-determination;	4
An accounting of any deficiency in funds needed to provide required contract support costs to all contractors for the fiscal year for which the report is being submitted;	5
The indirect cost rate and type of rate for each tribal organization that has been negotiated with the appropriate Secretary;	6
The direct cost base and type of base from which the indirect cost rate is determined for each tribal organization;	6
The indirect cost pool amounts and the types of costs included in the indirect cost pool; and	6
An accounting of any deficiency in funds needed to maintain the preexisting level of services to any Indian tribes affected by contracting activities under this chapter, and a statement of the amount of funds needed for transitional purposes to enable contractors to convert from a Federal fiscal year accounting cycle, as authorized by section 5324(d) of this title.	7
Tables - Fiscal Year 2018 Contract Support Costs Data	
Explanation of Columns	8
FY 2018 Summary by Area.....	9
FY 2018 Summary by Tribe or Tribal Organization.....	10-15

In 2018, Congress enacted a separate appropriation for CSC, appropriating “such sums as may be necessary” for that purpose. Due to the frequent fluctuations in CSC need described above, the current data reflects that many tribes and tribal organizations received funds in excess of or less than their actual CSC need. Because these amounts were not expended, they do not qualify for CSC under the ISDEAA. The estimated deficiencies are fluid and the T/TO may not have actual shortfalls; updates to indirect cost rates and final reconciliation of costs for startup and actual pass-throughs and exclusions may change the amount of deficiency or ultimately show the T/TO did not have any shortfall.

The indirect cost rate and type of rate for each tribal organization that has been negotiated with the appropriate Secretary;

The majority of indirect cost rate agreements negotiated between a T/TO contractor or compactor and its cognizant federal agency consist of fixed with carry-forward or provisional/final rates. The most current approved rate for each T/TO is located on the “Summary by Tribe or Tribal Organization” table, column K (“Approved Indirect Cost (IDC) Rate”), with column L (“CY/FY/SY IDC Rate”) indicating the applicable year of the rate. The type of rate is located on the “Summary by Tribe or Tribal Organization” table, column M (“Type of IDC Rate”).

The direct cost base and type of base from which the indirect cost rate is determined for each tribal organization;

The aggregate estimated direct cost base for all tribes or tribal organizations is in the “Summary by Area” table, column J (“Estimated Final Direct Cost Base”). As noted above, this includes direct costs funded in the Secretarial amount and as CSC, and each T/TO’s direct cost base (also shown in column J in the “Summary by Tribe or Tribal Organization” table) should be consistent with the direct cost base the T/TO used in its indirect cost rate negotiation with its cognizant federal agency. The type of base, which is identified in column N (“Type of Direct Cost Base”) of the “Summary by Tribe or Tribal Organization” table, refers to which of a T/TO’s direct costs (typically either total direct salaries and wages or total direct costs, exclusive of any extraordinary or distorting expenditures or pass-through amounts) are used in the T/TO’s indirect cost rate negotiation to calculate the distribution of indirect costs. The direct cost base selected should result in each award bearing a fair share of the T/TO’s indirect costs in reasonable relation to the benefits received from the costs. (As discussed above, however, not all indirect costs are CSC under the ISDEAA.)

The indirect cost pool amounts and the types of costs included in the indirect cost pool; and

The aggregate indirect cost pool attributable to IHS-funded programs for all tribes or tribal organizations is in the “Summary by Area” table, column O (“Estimated Indirect CSC Need (N/R) (Indirect Costs, Less Credit for 20% Funded in Tribal Shares))), plus 20 percent of Headquarters and Area Tribal Shares (which are estimated to represent the

indirect costs covered by the Secretarial amount for Area and Headquarters programs).²

The indirect cost pool is the accumulated costs that jointly benefit two or more programs or other cost objectives. Indirect cost pool expenditures typically include the following:

- administrative salaries and fringe benefits associated with overall financial and organizational administration;
- operational and maintenance costs for facilities and equipment; and
- payroll and procurement services.

An accounting of any deficiency in funds needed to maintain the preexisting level of services to any Indian tribes affected by contracting activities under this chapter, and a statement of the amount of funds needed for transitional purposes to enable contractors to convert from a Federal fiscal year accounting cycle, as authorized by section 5324(d) of this title.

With regard to the requirement in 25 U.S.C. § 5325(c) that the Agency provide “an accounting of any deficiency in funds needed to maintain the preexisting level of services to any Indian tribes affected by contracting activities under this chapter,” we note the following distinction: An accounting of any deficiency in funds needed to maintain preexisting services is not typically quantified because a T/TO that is not providing direct care does not have preexisting services.

Regarding the amount of funds needed for transitional purposes to enable a contractor or compactor to convert from a federal fiscal year accounting cycle, the IHS is establishing a process for consistently identifying this amount for a T/TO that indicates interest in converting from a federal fiscal year accounting cycle.

² The data identifies the total portion of each T/TO’s indirect cost pool that is attributable to IHS programs, as required by section 106(c). As discussed above, under the ISDEAA, the IHS funds indirect costs through both the Secretarial amount and CSC. Indirect costs are funded through the Secretarial amount if the Secretary also carried out the related activities and funded those activities from resources transferred under the contract or compact (25 U.S.C. § 5325(a)(1)-(2)). Consistent with the ISDEAA, the IHS will agree to fund indirect CSC, which are reasonable costs for activities that the T/TO must carry out, but that either are not normally carried on by the Secretary or are funded by the Secretary through resources other than those transferred under the contract or compact (§ 5325(a)(2)). The ISDEAA does not require the IHS to distinguish between these categories of indirect costs for this report.

