



United States Department of the Interior
Fish and Wildlife Service
DIVISION OF FINANCIAL MANAGEMENT



Financial Management Memorandum FMM 2003-001
Title: Policy Change for Reimbursable Agreements June 6, 2003

Purpose:

This memorandum changes the Service's policy that previously assigned a 0 percent cost recovery rate for reimbursable agreements with U.S. Geological Survey's (USGS) Biological Resources Discipline (BRD).

Impact:

Reimbursable agreements in which the Service provides work and deliverables to BRD will be assessed a 13 percent indirect cost recovery rate effective June 1, 2003. The other USGS organizations will be assessed the standard rate of 18 percent.

This new policy does not affect reimbursable agreements with BRD processed before June 1, 2003. However, modifications to those existing agreements that increase funding will be subject to this new policy. Any carryover amounts will be assessed the applicable cost recovery rates.

Chris Jensen
Chief, Division of Financial Management

Supersedes: FMM 2002-002 and Service Manual 264 FW 2.8.C.
OPR: *National Finance and Policy Analysis Branch*
Distribution: DFM, All Branch Chiefs, Region AD/Admin and B/FOs
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United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240

In Reply Refer To:
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JUN 04 2003

Memorandum

To: Service Directorate

From: Deputy Director *Marshall P. Jaeger*

Subject: Policy Change for Reimbursable Agreements with U.S. Geological Survey

The U.S. Geological Survey (USGS) adopted a new mandatory indirect cost recovery policy that became effective February 10, 2003. USGS's new policy requires all operating units to fully recover their costs from external customers, including those within the Department of the Interior, by charging a 15 percent indirect cost recovery rate on all reimbursable agreements. When USGS's Biological Resources Discipline (BRD) performs work for the Service, they will now charge a mandatory 15 percent indirect cost recovery rate.

As a result, the Service is changing the policy (Service Manual 264 FW 2) that assigns a 0 percent rate to reimbursable agreements in which the Service provides work and deliverables to BRD. Starting June 1, 2003, the following policies regarding reimbursable agreements with USGS are effective:

- To accept the USGS and BRD cost recovery policy as a basic business practice.
- To assess the Service's Standard Rate - Service-owned cost recovery rate of 13 percent for reimbursable agreements performed for BRD.
- All other USGS organizations will be assessed the Service's standard cost recovery rate of 18 percent.

Specifically, the new policy will apply to new BRD agreements with an effective date of June 1, 2003, or later. Also, it applies to modified agreements that increased funding with an effective date of June 1, 2003, or later. Any carryover balances from those agreements will be under the new policy and be assessed the applicable cost recovery rates.

Attached is a summary table that presents the Service's updated cost recovery rate structure for the rest of Fiscal Years 2003 and 2004. If you have any questions, please contact the Assistant Director for Business Management and Operations and Chief Financial Officer, Paul Henne, at (703) 358-1822.

Attachment

INDIRECT COST RECOVERY RATE STRUCTURE EFFECTIVE JUNE 1, 2003			
TYPE OF RATE	CODE	DESCRIPTION	RATE
Standard Rate (includes USGS, except BRD Division)	s	The standard rate applies to reimbursable agreements in which the activities are performed by Service personnel in leased facilities. The rate covers costs for leased space, payroll / personnel / finance systems, phones, regional office support, contracting / procurement activities and information system infrastructure.	18%
Standard Rate for Service-owned Facilities and USGS/BRD	d-1	This rate applies to reimbursable agreements in which the activities performed by the Service personnel located in Service-owned facilities or in cases where a hosting agency or partner provides space for staff. This rate covers costs for payroll / personnel / finance systems, phones, regional office support, contracting / procurement activities, and information system infrastructure.	13%
Pass-through	d-2	A pass-through agreement is a funding mechanism utilized to direct funding or payment to external entities. Funds are received from one party and passed onto another party. The grants or agreement involve strictly acquisition or financial processing services. Grants may be separated into a pass-through component and a component receiving the standard rate where the Service has a great deal of staffed activity. The pass-through rate will apply to Construction, Land Acquisition, Private Lands and On Service Lands agreements.	4.5%
Pass-through initiated by the DOI Office of the Secretary	d-3	These agreements receive the same pass-through rate, unless otherwise stated by the Secretary or prohibited by legislation.	4.5%
International Agreements	d-4	These agreements receive the standard rate, but allow for exceptions, in accordance with OMB A-25.	18%

Attachment 1

TYPE OF RATE	CODE	DESCRIPTION	RATE
Fish & Wildlife Coordination Act (FWCA) - Service Personnel	d-5a	This rate is used for Service work, performed by Service personnel, with the U.S. Army Corps of Engineers and Bureau of Reclamation agreements while carrying out the provisions of the Act.	38%
Fish & Wildlife Coordination Act (FWCA) - Subcontracted	d-5b	This rate is used for Service work, subcontracted to a third party, with the U.S. Army Corps of Engineers and Bureau of Reclamation agreements while carrying out the provisions of the Act.	15%
NRDAR/OPA	d-6	This rate will be incorporated in settlement agreements when developing estimates for submission to Department of Justice for assessment / restoration work.	4.5%- 18%
EPA Superfund	d-7	This rate is assessed for Environmental Contaminants projects.	26.5%
Grants Received	z	No rate will be assessed on grant funds received by the Service.	0%
Contributed Funds	z	No rate will be assessed on contributed funds.	0%
Fees Collected (Revenue)	z	Service fee revenue is assessed through the Cost Allocation Methodology process.	n/a
Intra-agency Personnel Agreements	z	A 0% rate is used when personnel are detailed to other bureaus and/or agencies where there are no additional costs incurred for space, phones, etc.	0%
Emergency Supplemental	z	This 0% rate may only be used with emergency subactivities.	0%