1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).

2. Part I of the Statement provides general Information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a central or group office and are allocated to one or more segments performing under Federally sponsored agreements.

3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the certification, and Parts I through VI.

4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central office operations.

5. The Statement must be signed by an authorized signatory of the reporting unit.

6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment’s (reporting unit’s) cost accounting practices.

7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words “End of Part” should be inserted after the last entry.
8. Where the cost accounting practice being disclosed is clearly set forth in the Institution’s written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement Item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement of the Government (Also see 48 CFR 9903.202-3).

10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.

11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert “Revision Number___” and “Effective Date____” in the Item Description block; and, insert “Revised” under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the Items which have been changed.

Change Symbol Index

<table>
<thead>
<tr>
<th>Date of Change</th>
<th>Clarifications</th>
<th>Revisions</th>
<th>Corrections</th>
<th>Additions</th>
<th>Deletions</th>
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<td>*1</td>
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<td>#2</td>
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<td>+2</td>
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<td>Item No.</td>
<td>Item Description</td>
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<tr>
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<td>Revision Number 1, Effective Date June 12, 1998</td>
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<td></td>
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</tbody>
</table>

**Educational Institution**

Name: UNIVERSITY OF KANSAS CENTER FOR RESEARCH, INC.

(a) Street Address: 2385 Irving Hill Road
(b) City, State and ZIP Code Lawrence, Kansas 66045-7563
(c) Division or Campus of University of Kansas, Lawrence Campus

<table>
<thead>
<tr>
<th>0.2</th>
<th>Reporting Unit is: (Mark one.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>_____ Independently Administered Public Institution</td>
</tr>
<tr>
<td>B.</td>
<td>_____ Independently Administered Nonprofit Institution</td>
</tr>
<tr>
<td>C.</td>
<td>_____ Administered as Part of a Public System</td>
</tr>
<tr>
<td>D.</td>
<td>_____ Administered as Part of a Nonprofit System</td>
</tr>
<tr>
<td>E.</td>
<td><strong>X</strong> Other (Specify) University affiliated nonprofit corporation</td>
</tr>
</tbody>
</table>

**Official to Contact Concerning this Statement:**

(a) Name and Title: Ms. Diane Goddard, Secretary-Treasurer
(b) Telephone Number: (785) 864 – 3321

**Statement Type and Effective Date:**

A. (Mark Type of submission. If a revision, enter number)

(a) _____ Original Submission
(b) **X** Amended Statement; Revision No. **2**

B. Effective Date of this Statement: **October 1, 2007**

**Statement Submitted To (Provide office name, location and telephone number. Include area code and extension):**

A. Cognizant Federal Agency: Dept. of Health and Human Services
   Division of Cost Allocation
   Cohen Building, Room 1067
   330 Independence Avenue SW
   Washington, DC 20201
   (202) 401-2751

B. Cognizant Federal Auditor: Grant Policy and Oversight
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-2</td>
<td></td>
</tr>
</tbody>
</table>

CERTIFICATION

I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. 422.

Date of Certification: **October 1, 2007**

/s/

(Signature)

Robert E. Hemenway
(Print or Type Name)

Chairman of the Board
(Title)

THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE IS PRESCRIBED IN 18 U.S.C. # 1001
**PART I - GENERAL INFORMATION**

**UNIVERSITY OF KANSAS CENTER FOR RESEARCH, INC.**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.0</td>
<td>Description of Your Cost Accounting System for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate lines(s) and if more than one is marked, explain on a continuation sheet.)</td>
</tr>
<tr>
<td>A.</td>
<td>_____ Accrual</td>
</tr>
<tr>
<td>B.</td>
<td><strong>X</strong> Modified Accrual Basis 1/</td>
</tr>
<tr>
<td>C.</td>
<td>_____ Cash Basis</td>
</tr>
<tr>
<td>Y.</td>
<td>_____ Other 1/</td>
</tr>
</tbody>
</table>

| 1.2.0    | Integration of Cost Accounting with Financial Accounting. The Cost Accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.) |
| A.      | **X** Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.) |
| B.      | _____ Not integrated with financial accounting records (Cost data are accumulated on memorandum records.) |
| C.      | _____ Combination of A and B |

| 1.3.0    | Unallowable Costs. Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one) |
| A.      | _____ Specifically identified and recorded separately in the formal financial accounting records. 1/ |
| B.      | _____ Identified in separately maintained accounting records or workpapers. 1/. |
| C.      | _____ Identified through use of less formal accounting techniques that permit audit verification. 1/ |
| D.      | **X** Combination of A, B or C. 1/ |
| E.      | _____ Determinable by other means. 1/ |

1/ Describe on a Continuation Sheet.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3.1</td>
<td>Treatment of Unallowable Costs. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g. when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)</td>
</tr>
<tr>
<td>1.4.0</td>
<td><strong>Cost Accounting Period:</strong> 7/1 to 6/30 (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g. 7/1 to 6/30. If the cost accounting period is other than the Institution’s fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)</td>
</tr>
<tr>
<td>1.5.0</td>
<td><strong>State Laws or Regulations.</strong> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.</td>
</tr>
</tbody>
</table>
Description of Cost Accounting System

The expenses for research projects are recorded on an accrual basis modified to include encumbrances. Expenses are recorded at the time an associated liability is created either by a direct payment or by the establishment of an encumbrance detailing the obligation. Revenues are received in connection with exchange transactions wherein the Center is obligated to provide certain goods and/or services. Revenues received for research projects are received either in advance of costs incurred or on a cost reimbursement basis. Any revenues received in advance are deferred.

Unallowable Costs

Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are identified and recorded in the formal financial accounting records and are also identified through use of less formal accounting techniques that permit audit verification.

Within the formal accounting system, unallowable costs such as entertainment expenses are identified and recorded through the use of unique account codes.

To further ensure that unallowable costs are excluded, a preaudit is performed on all payment documents for direct cost allowability in accordance with: (1) Circular A-21 section J, (2) the terms and conditions of sponsored agreements and (3) costs not allocable to sponsored agreements.

Treatment of Unallowable Costs

Unallowable costs are identified as described in Item 1.3.0. Federal non-reimbursable costs such as alcoholic beverages are excluded from the cost groupings in accordance with Circular A-21. All the costs of the Center for Research, Inc. are reported to the University of Kansas through audited statements under an annual A-133 audit. The University prepares the indirect cost proposal that includes appropriate Center for Research costs.

State Laws or Regulations

As a separately incorporated nonprofit entity, the Center for Research’s cost accounting practices are affected by State laws in the same manner as any other nonprofit corporation in the State of Kansas and as they are specifically made part of individual research agreements between the Center and State agencies.
Instructions for Part II

Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.

2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For all major categories of cost under each major function or activity such as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)

2.2.0 Description of Direct Materials. All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)

2.3.0 Method of Charging Direct Materials and Supplies. (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)

2.3.1 Direct purchases for Projects are Charged to Projects at:
   A. _____ Actual Invoiced Costs
   B. X Actual Invoiced Costs Net of Discounts Taken
   Y. _____ Other(s) 1/
   Z. _____ Not Applicable

2.3.2 Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects):
   A. _____ First In, First Out
   B. _____ Last In, First Out
   C. _____ Average Costs 1/
   D. _____ Predetermined Costs 1/
   Y. _____ Other (s) 1/
   Z. X Not Applicable

1/ Describe on a Continuation Sheet.
2.4.0 Description of Direct Personal Services. All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefit costs, if any, within each major institutional function or activity that are charged as direct personal services.)

2.5.0 Method of Charging Direct Salaries and Wages. (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)

<table>
<thead>
<tr>
<th>Direct Personal Services Category</th>
<th>Faculty (1)</th>
<th>Staff (2)</th>
<th>Students (3)</th>
<th>Other 1/ (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Payroll Distribution Method</td>
<td>___ X X ___</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(individual time card/actual hours and rates)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Plan-Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. After-the-fact Activity Records (percentage Distribution of employee activity)</td>
<td>X X X ___</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee’s activities, direct and indirect charges are certified separately.)</td>
<td>___ ___ ___ ___</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y. Other(s) 1/</td>
<td>___ ___ ___ ___</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.5.1 Salary and Wage Cost Distribution Systems
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If “NO”, describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</td>
</tr>
</tbody>
</table>
|        | **X** Yes  
|        | **No** |

### 2.5.2 Salary and Wage Cost Accumulation System

(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee’s direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and wage cost distributions are reconciled with the payroll data recorded in the institution’s financial accounting records.)

### 2.6.0 Description of Direct Fringe Benefits Costs

All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet all of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)

### 2.6.1 Method of Charging Direct Fringe Benefits

(Describe on a continuation sheet, how each type of fringe benefit cost identified in Item 2.6.0 is measured, assigned and allocated (for definitions, See 9903.302-1); first, to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.)

### 2.7.0 Description of Other Direct Costs

All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g. travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.)

### 2.8.0 Cost Transfers

When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for
direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). Mark one, if “No”, explain on a continuation sheet how the credit differs from original charge.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>

2.9.0 *Interorganizational Transfers.* This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of inter-organizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)

<table>
<thead>
<tr>
<th></th>
<th>Materials (1)</th>
<th>Supplies (2)</th>
<th>Services (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td><strong>X</strong></td>
<td><strong>X</strong></td>
<td><strong>X</strong></td>
</tr>
<tr>
<td>B.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Z.</td>
<td></td>
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<td></td>
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</tbody>
</table>

1/ Describe on a Continuation Sheet.
Revision Number 2, Effective Date October 1, 2007

Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives

Direct Costs
Costs are charged to federally sponsored agreements, an instructional activity, or any other institutional activity as direct costs when they can be specifically identified to the agreement, an instructional activity, or any other institutional activity with relative ease and with a high degree of accuracy. These costs meet the allowability criteria established in OMB Circular A-21 and are not expressly disallowed in the award budget. When the item or expense is of benefit to multiple projects and can be directly assigned with relative ease and with a high degree of accuracy, the portion that is directly charged is based upon the relative benefits received by that project.

Indirect Costs
Indirect costs are general institutional expenditures that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. These costs include the operation and maintenance of buildings and grounds, the depreciation or use allowance on buildings, capital improvements and equipment, central and departmental administrative expenses, sponsored project administration and library costs. These costs are allocated to federally sponsored agreements or similar cost objectives in accordance with OMB Circular A-21. The allocation of costs is described in Section III.

Administrative and Clerical Salaries
Circumstances may arise where administrative and clerical salaries that are normally treated as indirect costs, may be charged to sponsored agreements as direct costs. Key factors considered in determining when such items may be charged as direct costs include:

1. The costs must be budgeted and justified in the proposal and ultimately included in the award.

2. The costs must be identified specifically to a project with a high degree of accuracy.

3. Normally, personnel charged to Federal grants or contracts should be responsible for specifically defined work that is scientific or technical in nature.

In addition to the above, certain other factors may result in administrative and clerical salaries being charged as direct costs. These factors include:

- Large, complex programs, such as Program Projects or federally designated centers, that require assembling and managing teams of investigators from a number of institutions.

- Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as clinical trials.
2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (continued)

- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

- Projects with the principal focus of preparation and production of manuals and large reports, books and monographs, excluding routine progress and technical reports.

- Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels and other research field sites that are remote from the campus.

The examples above are not exhaustive. Other special circumstances for direct charging of administrative and clerical costs occur when sponsored projects require extraordinary or specific support services that are not provided in the indirect administrative accounts.

Supplies and Other Expenses

In addition to administrative and clerical salaries, circumstances may arise where supplies and other expenses which are normally treated as indirect costs, may be charged to sponsored agreements as direct costs. The basic factors noted above regarding salaries also apply to supplies and other expenses. The items need to be specifically identified to a project, budgeted and justified in the proposal, and included in the agency award. Specific examples include, but are not limited to:

- **Office supplies** - to be considered a direct cost they must be purchased for the sole direct benefit of the project.

- **Postage** - The cost of postage for routine correspondence is normally unallowable as a direct cost. However, costs of shipment of research materials and deliverables under a project may be considered a direct cost if they can be justified in terms of direct benefit to the project. The costs of mailing and receiving surveys and questionnaires that are part of the project are allowable.

- **Telephone Costs** - The costs of installation and monthly usage are normally unallowable as direct costs but long distance calls regarding project activities are appropriate direct cost items. Costs associated with cellular phones, direct data lines and other specialized phone services that can be identified to specific projects may be charged direct.

2.2.0 Description of Direct Materials

The Center’s accounting system identifies types of costs by account codes. The account codes of direct materials and supplies include but are not limited to duplicating supplies, graphics and photographic supplies, computer supplies and software, chemicals, glassware, fuels, gases, office supplies.
2.4.0 Description of Direct Personal Services

Direct personal services costs consist of salaries and wages plus fringe benefits. See response to Part II, Item 2.6.0 for a description of fringe benefits.

EMPLOYMENT TYPES

Research Professional: Unclassified employees whose education, degrees and experience are equivalent to those of the academic faculty and who engage in research required by sponsored research agreements.

Support Staff: They are support staff of the Center who generally do not perform research, but provide laboratory, clerical and administrative assistance.

Faculty Unclassified: Unclassified employees who engage in teaching, research, and service activities and are employed in academic units of the University.

Professional Unclassified Staff: Unclassified non-student employees who are not identified as faculty or academic staff members and who engage in administration, in support of the mission of the Center.

Student Staff: Employees who are students and who engage in research and administrative support activities.

2.5.0 Method of Charging Direct Salaries and Wages

Faculty salaries, research professional staff, and professional unclassified staff, are paid by the University and are billed to the Center for Research, Inc. based on appointment records that identify rates of pay, percentage of effort and time period to be charged. The Center charges each project based on internal appointment records and reimburses the University for the portion of pay directly attributable to Center projects.

For all employees on all sponsored agreements, an after-the-fact activity record is reviewed and certified by the Principal Investigator or designee.

2.5.2 Salary and Wage Cost Accumulation System

The human resource management system allows one authorized salary amount for each position. Employees may be assigned to more than one position and therefore may have more than one authorized salary amount. One or more funding sources are assigned to each position, which in turn identifies how the amount is to be charged to each account.

On a biweekly basis, exempt employees are paid based on their authorized salary. Non-exempt employees sign and submit time sheets on a biweekly basis to their supervisor. The supervisor then verifies the accuracy of the time sheet and approves the time record. The information is subsequently entered in the payroll system.
Monthly, principal investigators or designees who have charged expenses to federally sponsored projects are obligated to verify and sign their salary certifications, which are generated off the payroll system. This complies with the after-the-fact confirmation of effort expended and charged to the sponsored projects.

Salaries/wages and fringe benefits are distributed to one or more cost centers based on the appointment records, and the monthly/activity records. The accounting reports for each project shows the gross total earnings for all employees charged to that project and the sum of all the specific fringe benefits attributable to the employees paid.

Any subsequent changes made to payroll data for the period are made to the accounting system through funding changes to the HRIS.

2.6.0 Revised *1

Revision Number 1, Effective Date 7/23/2003

Description of Direct Fringe Benefits Costs

A. Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job which are classified and charged as direct costs include holiday leave, funeral leave, jury duty, discretionary day and military leave. In addition, employees who leave service before retirement with an annual leave balance, subject to certain limitations, are paid for these hours in addition to regular pay. Specific information related to authorized absences such as number of days an employee is eligible for may change periodically.

The following describes the fringe benefits offered to employees for which the Center pays all or part of the cost.

B. Social Security & Medicare (FICA) - this cost is the employer’s share of FICA for eligible employees. The amount is mandated by federal law.

C. Retirement - The University offers retirement plans through the Regents Basic plan. These are defined contribution plans mandatory for all regular staff after one year’s service. Contributions are made by the employer and the employee. The plans provide monthly retirement benefits with various survivor options.

D. Long term disability insurance provides a monthly benefit currently equal to 66 2/3% of the employee’s annual salary reduced for any benefits received from primary Social Security, workers’ compensation or any other employer-provided disability benefit.

E. Life insurance coverage provides a death benefit payable to a beneficiary or beneficiaries designated by the employee, currently equal to one and half times the employee’s annual salary. This benefit is available to all regular employees working 75% or more.

F. Worker’s Compensation - the University provides to all employees, including students and part-time employees, coverage under the Worker’s Compensation Act. Coverage includes partial payment of lost wages and medical expenses resulting from a work-related accident or medical condition, including occupational illness.

G. Unemployment Compensation - A benefit program mandated by Kansas
Employment Security Law which provides unemployment compensation payments to the former employees who qualify. Claims are made to and paid by the state.

H. Health and Dental Insurance - Dental Insurance, and Prescription Rider insurance is available, but not mandatory, for eligible faculty and staff. Choice is available among several health insurance carriers. Plans may vary by factors such as cost, deductibles, and types of service provided.

I. KanElect- A benefit program allowing employees the option of paying for health and dental insurance premiums, dependent care expenses and unreimbursable health care expenses with pretax dollars. Regular employees eligible to participate in the Center’s health care insurance program are eligible. Employer pays administration fee.

J. State Leave Payment Reserve – Employees who leave service due to retirement with annual leave and/or sick leave balances, subject to certain limitations, are paid for these hours by a State reserve account funded by employer payroll contributions.

2.6.1 Revision Number 1, Effective Date 7/23/2003

Method of Charging Direct Fringe Benefits

Fringe benefits are charged (cash basis) to federally sponsored agreements, and other institutional activities on the basis of organization-wide salaries and wages of the employees receiving the benefits.

A. The amount of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job which are classified and charged as direct costs is based on the employee’s current rate of pay at the time of the charge.

B. Social Security and Medicare (FICA) - the amount charged is based on the current rate mandated by federal law.

C. Retirement - The University offers three retirement plans: a defined contribution plan for unclassified and two defined benefit plans for University Support Staff.

1. Regents Basic Plan – Defined contribution plan available for faculty and unclassified staff. Participation is mandatory after one year of employment or immediately if one of three waiver provisions is met. Contributions made by the employer and the employee. Provides monthly retirement benefits with various survivor options. Choice of several companies available.

2. Kansas Public Employee Retirement System(KPERS) - Defined benefit plan available to university support staff. Participation mandatory after one year of continuous employment, or immediately if current member. Contributions are made by both the employer and employee. Provides monthly retirement benefits with various survivor options.

3. Kansas Police and Firefighter's Retirement System (KP&F) - Defined benefit plan available to university staff who meet definition of police officer, fire fighter or campus police. Participation mandatory on first day of employment. Contributions are made by both the employer and employee. Provides monthly retirement benefits with various survivor options.
D & E - **Long term disability insurance and life insurance** - Provides a monthly benefit currently equal to 66 2/3% of the employees annual salary reduced for any benefits received from Social Security, one-half of workers' compensation or any other employer-provided disability benefit.

F. **Workers Compensation** - All projects are charged a percentage of gross salaries which is credited to an account to pay the premium from the insurance carrier. The percentage rate is reviewed internally on an annual basis and adjusted as necessary to meet the premium.

G. **Unemployment Compensation** - All projects are charged a percentage of gross salaries which is credited to an account to pay unemployment claims which are billed from the State of Kansas. The percentage rate is reviewed internally on an annual basis and adjusted as necessary to pay the claims.

H. **Health and Dental Insurance** - The rates are established by a commercial carrier.

I. **Flexible Benefits** - The administrative fee is established by the commercial carrier providing the plan.

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**Revision Number 2**

**Description of Other Direct Costs**

The principal classes of other costs which are charged directly to Federally sponsored agreements or similar cost objectives are:

- Contractual services
- Communication
- Freight and express
- Printing and advertising
- Rent
- Repairs and servicing
- Travel and subsistence
- Other service fees (e.g. data processing fees, recording fees, lab fees, etc.)
- Professional service fees (e.g. architects, attorneys, physicians, consultants, speakers, etc.)
- Utilities
- Student aid
- Capital outlay

Normally travel costs are charged to projects in relationship with the direct charge of salaries & wages. However when not the case, an explanation for the direct charge of travel expenses is noted. One specific exception, recognized & permitted by the Department of Health & Human Services, is the direct charge of travel but not the coinciding salaries & wages when labor is charged to State and/or University F&A funds because of policies and procedures to ensure faculty/staff meet state appointment requirements.

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End of Part
Instructions for Part III

Institutions should disclose how the segment’s total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and “billed” to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required for when a response requires further explanation to ensure clarity and understanding.

The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.

A. Direct Charge or Allocation  
B. Total Expenditures  
C. Modified Total Cost Basis  
D. Modified Total Direct Cost Basis  
E. Salaries and Wages  
F. Salaries, Wages and Fringe Benefits  
G. Number of Employees (head count)  
H. Number of Employees (full-time equivalent basis)  
I. Number of Students (head count)  
J. Number of Students (full-time equivalent basis)  
K. Student Hours—classroom and work performed  
L. Square Footage  
M. Usage  
N. Unit of Product  
O. Total Production  
P. More than one base (Separate Cost Groupings) 1/  
Y. Other (s) 1/  
Z. Category or Pool not applicable

1/ List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.
**Indirect Cost Categories - Accumulation and Allocation.** This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, “accumulation Method,” insert “Yes” or “No” to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution’s formal accounting system. If “No,” describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading “Allocation Base,” enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading “Allocation Sequence,” insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert “CA.” If an indirect cost category listed in this section is not used, insert “NA.”)

<table>
<thead>
<tr>
<th>Indirect Cost Category</th>
<th>Accumulation Method</th>
<th>Allocation Base Code</th>
<th>Allocation Sequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Depreciation/Use Allow./Interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>No</td>
<td>L</td>
<td>1</td>
</tr>
<tr>
<td>Equipment</td>
<td>No</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>Capital Improvements to Land</td>
<td>No</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>Yes</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>(b) Operation and Maintenance</td>
<td>Yes</td>
<td>P</td>
<td>2</td>
</tr>
<tr>
<td>(c) General Administration and General Expense</td>
<td>Yes</td>
<td>D</td>
<td>3</td>
</tr>
<tr>
<td>(d) Departmental Administration</td>
<td>No</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>(e) Sponsored Projects Administration</td>
<td>Yes</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>(f) Library</td>
<td>Yes</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>(g) Student Admin. and Services</td>
<td>Yes</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>(h) Other</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

1/ Describe on a Continuation Sheet
Service Centers. Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in Section J of Circular A-21. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter “Z” in Column 1, if not applicable.)

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<thead>
<tr>
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<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
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<td>(4)</td>
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<td>(6)</td>
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<td>A</td>
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<tr>
<td>C</td>
<td>C</td>
<td>C</td>
<td>A</td>
<td>A</td>
<td>B</td>
</tr>
</tbody>
</table>

1. **Category Code**: Use code “A” if the service center costs are billed only as direct costs of final cost objectives; code “B” if billed only to indirect cost categories or indirect cost pools’ code “C” if billed to both direct and indirect cost objectives.
2. **Burden Code**: Code “A” - center receives an allocation of all applicable indirect costs; Code “B” - partial allocation of indirect costs; Code “C” - no allocation of indirect costs.
3. **Billing Rate Code**: Code “A” - billing rates are based on historical costs; Code “B” - rates are based on projected costs; Code “C” - rates are based on a combination of historical and projected costs; Code “D” - billings are based on the actual costs of the billing period; Code “Y” - other (explain on a Continuation Sheet).
4. **User Charges Code**: Code “A” - all users are charged at the same billing rates; Code “B” - some users are charged at different rates than other users (explain on a Continuation Sheet).
5. **Actual Costs vs. Revenues Code**: Code “A” - billings (revenues) are compared to actual costs (expenditures) at least annually; Code “B” - billings are compared to actual costs less frequently than annually.

**Variance Code**: Code “A” - Annual variances between billed and actual costs are prorated to users (as credits or charges); Code “B” - variances are carried forward as adjustments to billing rate of future periods; Code “C” - annual variances are charged or credited to indirect costs; Code “Y” - other (explain on a Continuation Sheet).
3.3.0 Indirect Cost Pools and Allocation Bases.

(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)

<table>
<thead>
<tr>
<th>Indirect Cost Pools</th>
<th>Allocation Base Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Instruction</td>
<td></td>
</tr>
<tr>
<td>X On-Campus</td>
<td>D</td>
</tr>
<tr>
<td>X Off-Campus</td>
<td>D</td>
</tr>
<tr>
<td>____ Other 1/</td>
<td></td>
</tr>
<tr>
<td>B. Organized Research</td>
<td></td>
</tr>
<tr>
<td>X On-Campus</td>
<td>D</td>
</tr>
<tr>
<td>X Off-Campus</td>
<td>D</td>
</tr>
<tr>
<td>____ Other 1/</td>
<td></td>
</tr>
<tr>
<td>C. Other Sponsored Activities</td>
<td></td>
</tr>
<tr>
<td>____ On-Campus</td>
<td></td>
</tr>
<tr>
<td>____ Off-Campus</td>
<td></td>
</tr>
<tr>
<td>____ Other 1/</td>
<td></td>
</tr>
<tr>
<td>D. Other Institutional Activities</td>
<td>1/</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.4.0 Composition of Indirect Cost Pools. (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, sub-groupings of expenses, and elements of cost included.)

1/ Describe on a Continuation Sheet
### Composition of Allocation Bases

For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first $25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.

### Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs

Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?

- **A. **X Yes
- **B. **No

1/ Describe on a Continuation Sheet
Indirect Cost Categories - Accumulation and Allocation

Accumulation Method
(Not recorded and accumulated in formal accounting system)

(a) Depreciation/Use Allowance-Building, Equipment and Capital Improvement

The cost of buildings, equipment, and non-structural improvements is accumulated in the formal accounting system of the University and the Center for Research, Inc. The associated cost of depreciation is maintained in a separate set of memorandum records.

(b) Interest is recorded on revenue bond and capital lease payments. Minor adjustments are calculated and recorded as a part of the fiscal year-end reporting process to reflect interest expense based upon an accrual method.

(c) Departmental Administration

Departmental administration costs are a combination of identified, recorded and accumulated formal accounting records adjusted for direct nonsponsored activity using the direct charge equivalent methodology (DCE). See Item 3.5.0 for a detailed description of the calculations used to identify the contents of this pool.

3.2.0 Revised^1

Service Centers

Composition of Indirect Cost Pools

3.4.0 Revised^1

Depreciation/Use Allowance - Building /Capital Improvements to Land

Depreciation is calculated on all capital improvements to land and on all buildings owned by the Center for Research, Inc. and included on its inventory. Federal funds contributed to the building value are excluded prior to the depreciation calculation.

Depreciation/Use Allowance - Equipment

All Center for Research, Inc. equipment with a unit cost greater than $5,000 and a useful life of more than one year is included in the equipment inventory. Federally funded equipment is identified by building and removed on a building-by-building basis. Equipment purchased with federal funds is excluded from the depreciation calculation. Capitalized equipment purchases are excluded from total allowable costs.

Current year library book acquisitions are treated as current year expenditures and are included in the Library cost pool. Library books purchased in previous years are not included in the equipment inventory download and are not included in the indirect cost calculation.

An analysis is performed of each equipment category by asset class code in order to determine the actual useful life based upon the age at which at least 75% of each equipment asset class has been retired at this University. As a result of this analysis,
depreciation is calculated on a straight-line basis for asset classes including telecommunications equipment, computer systems and software, passenger cars, and other miscellaneous equipment, based on their useful life experience.

For purposes of allocation the equipment inventory is divided into two subcategories - one for equipment identifiable to a specific building and another for items without a building number, due to their purchase after the most recent inventory survey.

**Interest**

This cost pool is comprised of the cost of interest paid to an external party associated with buildings acquired or completed on or after July 1, 1982, or with major reconstruction and remodeling of existing buildings completed on or after July 1, 1982, provided that the buildings are used in support of sponsored agreements and that the total cost (including use allowance, operation and maintenance costs, interest, etc.) does not exceed the rental cost of comparable assets in the same locality.

* * * * * * * * * * * * * * * * * Elements of Cost * * * * * * * * * * * * * * * * *

The elements of cost included in the following cost pools are those defined as Modified Total Direct Costs as well as applicable allocations from other cost pools. Modified Total Direct Cost (per Circular A-21) consists of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract. Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000 are excluded from modified total direct costs.

**Operation and Maintenance**

The expenses under this heading are those that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the University’s physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving. The operation and maintenance expense category also includes its allocable share of depreciation and use allowances, and interest costs.

**Composition of Indirect Cost Pools**

Revision Number 1, Effective Date 7/1/2001

**Operation and Maintenance** (continued)

Costs within this cost pool group are further segregated into the three distinct subcategories listed below for the purpose of more accurately allocating the expenditures to the benefiting functions.

- **Campus-wide** operation and maintenance costs include police, parking services and other campus-wide operations of physical plant activities which benefit the entire Lawrence campus.

- **Non-auxiliary** operation and maintenance costs include costs associated only with the educational and general buildings on the Lawrence campus.
### General Administration and General Expense

The expenses under this heading are those that have been incurred for the general executive and administrative offices of the University, including expenses incurred by administrative offices that serve the entire university system; central offices of the University such as the Chancellor’s office, offices for institution-wide financial management, business services, budget and planning, personnel management, and safety and risk management; the office of the General Counsel; and, the operations of the central administrative management information systems. This category also includes its allocable share of allocations from the previous cost pools.

Costs within this cost pool group are further segregated into the two distinct subcategories listed below for the purpose of more accurately allocating the expenditures to the benefiting functions.

- **General Administration** expense costs, include costs incurred by the Chancellor’s office, the Comptroller’s office, administrative computing and other general administrative departments.

- **Academic Administration** expense costs, include costs incurred by University governance, academic affairs, the Regents Center, and other academic administrative departments.

### Departmental Administration

The expenses under this heading are those that have been incurred for administrative and supporting services that benefit common or joint departmental activities. Costs here include salaries of secretarial and clerical staffs, the salaries of administrative officers and assistants, travel, office supplies, stockrooms, etc. The majority of these costs are determined via the Sponsored Direct Charge Equivalent (DCE) methodology. (For an explanation of the DCE methodology used by the University, please refer to Item 3.5.0, Composition of Allocation Bases - Departmental Administration)

**Revision Number 1, Effective Date 7/1/1998**

### Sponsored Projects Administration

The expenses under this heading are limited to those incurred by a separate organization established primarily to administer sponsored projects, including such activities as grant and contract administration, special security purchasing, personnel administration, and editing and publishing of research reports. The offices included are The KU Center for Research, Inc. and some positions in separately budgeted research units.

### Library

The expenses under this heading are those that have been incurred for the operation of the library, including salaries, wages, fringe benefits and the cost of books and library materials purchased for the library, less any income that qualifies as applicable credits. Allocated building, improvements and equipment usage, operations and
maintenance, general administration, academic administration, and sponsored project administration costs are also included.

**Student Administration and Services**
The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. Allocated building, improvements and equipment usage, operations and maintenance, and general administration costs are also included.

**Animal Care Facilities**
The expenses under this heading are those that have been incurred for the management and administration of a centralized program of laboratory animal care, including costs for daily animal care, purchase of live vertebrates from acceptable sources, quarantine and conditioning, housing, feeding, watering animals, cage and facility sanitation, veterinary care, research services including surgical assistance and monitoring, and training of personnel involved in the care and use of animals for research or teaching.

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Revision Number 1, Effective Date 9/3/2002
Office Supply Store
Revision Number 1, Effective Date 6/30/2005
Printing Service
3.5.0 Revised

*1

#2

Revision Number 1, Effective Date 07/01/01
Revision Number 2, Effective Date 10/1/2007

Composition of Allocation Bases (Per allocation base code used in Items 3.1.0 and 3.3.0)

Depreciation - Building (L-Square Footage)

Depreciation charges are allocated to all benefiting functions based on the functional use of space for each building (square footage per cost pool group). This basis consists of net assignable square footage by room within a building, department, and cost pool. Square footage is additionally identified to its functional use. Nonassignable areas such as stairwells, rest rooms, and mechanical rooms are excluded. (Minimal (less than 10% of research expenditures base) joint use space is allocated to the benefiting functions based on the salary and wage profile of the departments.)

Cost pool groups benefiting from this allocation include Operations and Maintenance, General Administrative, Departmental Administration, Sponsored Program Administration, Student Services Administration, Library, Instruction, Research, Other Sponsored Activity, Other Institutional Activity, Other Institutional Activity - Auxiliary, and Specialized Service Centers.

Revision Number 1, Effective date 7/1/2001

Depreciation - Equipment (P-More than one base)

Property and equipment for the Center for Research are depreciated or amortized by the straight line method over the estimated useful lives of the assets, from 4 to 6 years for equipment and 15 years for leasehold improvements. Scientific equipment purchased with research funds is sometimes donated to the Center. In such instances, the equipment is recorded at its original cost less accumulated depreciation to the date it is given to the Center. Other donated equipment is recorded at its fair market value at the date of donation and is depreciated over its estimated remaining useful life. The information for the Center is given to the University for inclusion in the indirect cost calculation.

Depreciation charges for the University are calculated directly from the equipment inventory records. Depreciation on equipment identifiable to a specific building is allocated on the basis of functional use of assignable square footage for each building (Allocation Base Code L). See description under Depreciation/Use Allowance - Building above.

Items without a building number, due to their purchase after the most recent inventory survey, are allocated based on the salaries and wages of the department responsible for the equipment (Allocation Base Code E). This basis consists of all salaries and wages associated with a given department, cost pool or functional category. These salaries and wages are recorded and accumulated in the university’s formal accounting system.

Cost pool groups benefiting from this allocation include Operations and Maintenance, General Administrative, Departmental Administration, Sponsored Program Administration, Student Services Administration, Library, Instruction, Research, Other Sponsored Activity, Other Institutional Activity, Other Institutional Activity - Auxiliary, and Specialized Service Centers.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
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<tbody>
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</tbody>
</table>

FORM CASB DS-2 (REV 02/2007)  III-16
Original Submission 1/15/97
3.5.0 Composition of Allocation Bases
(Per allocation base code used in Items 3.1.0 and 3.3.0)
Revision Number 1, Effective 7/1/2001

Depreciation - Capital Improvements to Land
(P-More than one base)

Depreciation charges are allocated to all benefiting functions as follows:

1) Portion identified to students by using a weighted average FTE headcount (Allocation Base Code J) is allocated 100% to Instruction. The weighted average student full-time equivalent is equal to the total number of students enrolled per semester, multiplied by the related number of weeks per semester (eight weeks for summer, sixteen weeks for fall and spring). The resulting amounts are then summed by academic year, and divided by fifty-two weeks, to arrive at a weighted average student FTE per academic year.

2) Portion identified to the employee group by weighted average FTE (Allocation Base Code H) is allocated to benefiting cost pools based on annual salaries and wages (Allocation Base Code E). The annual number of faculty FTE’s is calculated once each year based on the percent of time a faculty member is appointed to a position in the university on the 20th day of Fall enrollment. A full-time faculty member is equal to one FTE, a 50% appointment is equal to .5 FTE, etc. Description of Allocation Base Code E under Depreciation/Use Allowance - Equipment above.

Cost pool groups benefiting from this allocation include Operations and Maintenance, General Administrative, Departmental Administration, Sponsored Program Administration, Student Services Administration, Library, Instruction, Research, Other Sponsored Activity, Other Institutional Activity, Other Institutional Activity - Auxiliary, and Specialized Service Centers.

Interest (Y-Other)
Allowable interest is allocated in the same manner as the depreciation or use allowances on the buildings, equipment and capital improvements to which the interest relates.

Operation and Maintenance (P-More than one base)

Campus-wide operation and maintenance costs, including police, parking services and other campus-wide operations of physical plant activities which benefit the entire Lawrence campus, are allocated across campus-wide space, including auxiliary space, based on the net assignable square footage per cost pool, not including square footage assigned directly to the O&M cost pool. (Allocation Base Code L). See description under Depreciation/Use Allowance - Building above. Cost pool groups benefiting from this allocation include General Administrative, Departmental Administration, Sponsored Program Administration, Student Services Administration, Library, Instruction, Research, Other Sponsored Activity, Other Institutional Activity, Other Institutional Activity - Auxiliary, and Specialized Service Centers.
### Item No. 3.5.0

<table>
<thead>
<tr>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Depreciation - Capital Improvements to Land (P-More than one base) (continued)**1</td>
</tr>
<tr>
<td>Revision Number 1, Effective Date 7/1/2001</td>
</tr>
<tr>
<td><strong>Operation and Maintenance (P-More than one base) (continued)</strong></td>
</tr>
<tr>
<td><strong>Non-auxiliary</strong> operation and maintenance costs, including costs for the educational and general buildings on the Lawrence campus are allocated based on the net assignable square footage per cost pool for non-auxiliary space only. (Allocation Base Code L). See description under Depreciation/Use Allowance - Building above. Cost pool groups benefiting from this allocation include General Administrative, Departmental Administration, Sponsored Program Administration, Student Services Administration, Library, Instruction, Research, Other Sponsored Activity, Other Institutional Activity, and Specialized Service Centers. <strong>Auxiliary</strong> enterprises procure and pay for their own operations and maintenance expenses, including utilities, or are billed directly for them (Student Union, Athletic Association, Housing, etc.) on the Lawrence campus. The Student Union and Athletic Association are separately incorporated and their operations and maintenance costs are not reflected in the O&amp;M Auxiliaries cost pool. O&amp;M costs applicable to the Athletic Association are allocated to the OIA Auxiliary cost pool. <strong>General Administration and General Expense (D-Modified Total Direct Cost)</strong> <strong>General administration</strong> expense costs, including costs incurred by the Chancellor’s office, the Comptroller’s office, administrative computing and other general administrative departments are allocated to subsequent direct and indirect cost objectives based on the Modified Total Direct Cost (MTDC) for each cost pool (Allocation Base Code D). Modified Total Direct Cost consists of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract. Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000 are excluded from modified total direct costs. Cost pool groups benefiting from this allocation include Academic Administration, Departmental Administration, Sponsored Program Administration, Student Services Administration, Library, Instruction, Research, Other Sponsored Activity, Other Institutional Activity, and Specialized Service Centers. <strong>Academic administration</strong> expense costs, including costs incurred by University governance, academic affairs, the Regents Center, and other academic administrative departments are allocated to departmental administration, libraries, instruction research and other sponsored program cost pools based on the MTDC for each cost pool (Allocation Base Code D). See description under General Administration Expense above. Cost pool groups benefiting from this allocation include Departmental Administration, Library, Instruction, Research, and Other Sponsored Activity.</td>
</tr>
</tbody>
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* FORM CASB DS-2 (REV 02/2007) III-18
* Original Submission 1/15/97
Departmental Administration (P-More than one base)

For purposes of determination of indirect cost rates according to the provisions of OMB Circular A-21, the costs of departments identified as Deans offices are allowable to be considered as 100% departmental administration. The portion of costs incurred by academic departments which are allowable as departmental administration is arrived at by using the Direct Charge Equivalent (DCE) methodology. A unique DA cost pool is established for each academic department. Within each of these cost pools, five separate components are calculated:

1) Professional Administrative salaries
2) General Support/Clerical salaries and wages
3) Faculty and Professional salaries and wages (3.6% admin. allowance per A-21)
4) Prorated share of Employee Benefits
5) Prorated share of Other General Expenditures

As described below:

Professional Administrative salaries and General Support/Clerical salaries and wages are determined through a review of the University's payroll system. Job positions for each academic department which are defined as purely administrative (e.g., business managers, accountants, etc.) have been charged to the general operating account of the department and are categorized as 100 percent departmental administration.

Job positions in each academic department which are defined as General Support/Clerical (e.g., secretaries, laboratory aides, student help, etc.) or Faculty and Professional (e.g., professors, departmental chairmen, laboratory directors, scientists, graduate and research assistants, etc.) and have been direct charged to sponsored agreements are used to calculate a direct charge equivalent (DCE). The DCE ratio is defined as general support/clerical salaries and wages charged to sponsored agreements divided by faculty and professional salaries and wages charged to sponsored agreements. The DCE ratio is computed on a department by department basis.

The DCE ratio is compared against the actual general support/clerical salaries and wages and the actual faculty and professional salaries and wages (less an estimate of the 3.6 percent faculty administrative allowance) which have been charged to each department's general operating account.

When the DCE ratio is less than the ratio calculated for the general operating account for a given department, an excess or residual of general support/clerical salaries and wages exists within the general operating account. This excess is treated as pure Departmental Administration and is transferred to the DA cost pool. When the DCE ratio is greater than the ratio calculated for the general operating account, no excess exists and no transfer is made to the DA cost pool.

Faculty and Professional salaries and wages (F&P) are determined by taking the modified total direct costs (MTDC), less the administrative and general support/clerical salaries and wages identified as pure departmental administration and multiplying by the 3.6 percent Faculty Administrative Allowance (FAA). The salary and wage portion of F&P is then calculated by dividing the FAA by one plus the employee benefit rate. The resulting amount of faculty and professional salaries and wages is then transferred from the general operating account to the DA cost pool.
Departmental Administration (P-More than one base) (continued)

A prorated share of Employee Benefits are determined by multiplying the benefit rate for the department by the Professional Administrative and General Support/Clerical salaries and wages reclassified as DA. This amount is then discounted by the 3.6 percent FAA before it is transferred to the DA cost pool.

A prorated share of Other General Expenditures is determined by calculating the ratio of other general expenses charged to sponsored agreements as compared with salaries and wages charged to sponsored agreements. This ratio is then compared against the ratio of actual other general expenses over actual salaries and wages (less the 3.6 percent faculty administrative allowance) which have been charged to each department's operating account.

When the DCE ratio for other general expense is less than the ratio calculated for the operating account, an excess or residual of other general expense exists within the general operating account. The excess is treated as pure Departmental Administration and is transferred to the DA cost pool. When the DCE ratio for Other General Expense is greater than the ratio calculated for the general operating account, no excess exists and no transfer is made to the DA cost pool.

The costs of the Sponsored Projects Administration operation are allocated on the basis of MTDC of sponsored activity per cost pool as opposed to the total MTDC per cost pool.

Cost pool groups benefiting from this allocation include Library, Instruction, Research, and Other Sponsored Activity.

Library (P-More than one base)

Library expenses are allocated using the prescribed OMB Circular A-21 methodology. Actual numbers of students and faculty FTE's for the spring summer and fall semesters for the Lawrence campus are provided by the University's Office of Institutional Research & Planning. The number of outside users is obtained from records maintained by the Library department. Information relating to faculty and outside users is only available on an annual basis. Student FTE's are available on a semester by semester basis. A weighted average calculation is performed to arrive at an annualized total for Student FTE's. This provides the statistical basis used in the allocation of Library costs to the remaining cost pools. Costs identified to the students are allocated 100 percent to the instruction function. Costs identified to faculty are allocated to the instruction, research and other direct cost pools based upon annual salaries and wages associated with those cost pools. Costs identified to outside library users are allocated 100 % to the Other Institutional Activity cost pool.

Cost pool groups benefiting from this allocation include Instruction, Research, Other Sponsored Activity, Other Institutional Activity, Other Institutional Activity - Auxiliary, and Specialized Service Centers.
### Student Administration & Services (Y-Other)

Per A-21, applicable allocations from other indirect cost pools, and the allocation of 100 percent of the Student Services Administration cost pool is allocated to the Instruction cost pool.

- **Instruction - On-Campus (D - Modified Total Direct Cost)**
- **Instruction - Off-Campus (D - Modified Total Direct Cost)**
- **Research - On-Campus (D - Modified Total Direct Cost)**
- **Research - Off-Campus (D - Modified Total Direct Cost)**

All pools referenced in Item 3.3.0 use a Modified Total Direct Cost base. Costs from these pools are allocated to all subsequent indirect cost objectives based on the modified total direct cost (MTDC) base for each cost pool. *(Allocation Base Code D).* See description under **General Administration Expense** above.

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**End of Part**
Revision Number 1, Effective Date 7/1/2001

Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Depreciation Method</th>
<th>Useful Life</th>
<th>Property Unit</th>
<th>Residual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Land Improvements</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(b) Buildings</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(c) Building Improvements</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(d) Leasehold Improvements</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(e) Equipment</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(f) Furniture and Fixtures</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(g) Automobiles and Trucks</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(h) Tools</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)</td>
<td>Z</td>
<td>Z</td>
<td>Z</td>
<td>Z</td>
</tr>
</tbody>
</table>

**Column (1) -- Depreciation Method Code**

A. Straight Line  
B. Expensed at Acquisition  
C. Use Allowance  
Y. Other or more than one method  

**Column (2) Useful Life Code**

A. Replacement Experience  
B. Term of Lease  
C. Estimated service life  
D. As prescribed for use allowance by Office of Management and Budget Circular No. A-21  
Y. Other or more than one method

**Column (3) -- Property Unit Code**

A. Individual units are accounted for separately  
B. Applied to groups of assets with similar service lives  
C. Applied to groups of assets with varying service lives  
Y. Other or more than one method

**Column (4) Residual Value Code**

A. Residual value is deducted  
B. Residual value is not deducted  
Y. Other or more than one method  

1/ Describe on a Continuation Sheet
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
</tr>
</thead>
</table>
| 4.1.1   | Revision Number 1, Effective Date 7/1/2001

Asset Valuations and Useful Lives. Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution’s financial statements? (Mark one.)

A.  **X** Yes
B.   **No**

4.2.0  

*Fully Depreciated Assets.* Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)

A.  **Yes**
B.  **No**

4.3.0  

*Treatment of Gains and Losses on Disposition of Depreciable Property.* Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)

A.  **X** Excluded from determination of sponsored agreement costs
B.   **C** Credited or charged currently to the same pools to which the depreciation of the assets was originally charged
C.   **T** Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved
D.   **N** Not accounted for separately, but reserve account reflected in the depreciation
Y.   **O** Other(s)
Z.   **N** Not applicable

4.4.0  

*Revision Number 1, Effective Date 7/1/1999*

*Criteria for Capitalization.* (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)

A.  Minimum Dollar Amount  **5,000**
B.  Minimum Life Years  **more than 1 year**

4.5.0  

*Group or Mass Purchase.* Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)

A.   **Yes**
B.  **No**

1/ Describe on a Continuation Sheet.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.0</td>
<td>Revision Number 1, Effective Date 7/1/2001</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Revision Number 1, Effective Date 7/1/2001</td>
</tr>
</tbody>
</table>
| 4.4.0   | **Criteria for Capitalization**  
Revision Number 1, Effective Date 7/1/1999  
Equipment items over 5,000 with a life expectancy greater than one year are capitalized.  
Revision Number 1, Effective Date 7/1/2001  
Building renovations or land improvements greater than $100,000 are capitalized if the project adds value to the building or land, and the investment increases the life expectancy of the building.  
All new building projects are capitalized. |

End of Part
5.1.0 Revised *1

Method of Charging Leave Costs. Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))

A. **X** Cash
B. ___ Accrual

5.2.0.

Applicable Credits. This item is directed at the treatment of “applicable credits” as defined in Section C of OMB Circular A-21 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)

A. **X** The credits/receipts are offset against the specific direct or indirect costs to which they relate.
B. ____ The credits/receipts are handled as a general adjustment to the indirect pool.
C. ____ The credits/receipts are treated as income and are not offset against costs.
D. ____ Combination of methods
Y. ____ Other

1/ Describe on a Continuation Sheet
Instructions for Part VI

This part covers the measurement and assignment of costs for employee pensions, post retirement benefits other than pensions (including post retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.

Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See Item 4, page (i), General Instructions)

6.1.0 Pension Plans.
6.1.1 Revised
Revision Number 1, Effective Date 7/23/2003
+1 – Initial Document reflected multiple investment options as individual plans rather than one plan with multiple investment options. Corrected to appropriately reflect single defined contribution plan

Defined- Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>Number of plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.  ____ Institution employees participate in State/Local Government Retirement Plan(s)</td>
<td>___</td>
</tr>
<tr>
<td>B.  ___X Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td>
<td>1</td>
</tr>
<tr>
<td>C.  ____ Institution has its own Defined- Contribution Plan(s)</td>
<td>1/</td>
</tr>
</tbody>
</table>

6.1.2 Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)

1/ Describe on a Continuation Sheet.
### POST RETIREMENT BENEFITS OTHER THAN PENSIONS (INCLUDING POST RETIREMENT HEALTH CARE BENEFITS) (PRBs)

(Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)

| Z. | Not Applicable |

### DETERMINATION OF ANNUAL PRB COSTS

(On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)

### SELF-INSURANCE PROGRAMS (EMPLOYEE GROUP INSURANCE)

Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

| A. | When accrued (book accrual only) |
| B. | When contributions are made to a nonforfeitable fund |
| C. | When contributions are made to a forfeitable fund |
| D. | When the benefits are paid to an employee |
| E. | When amounts are paid to an employee welfare plan |
| Y. | Other or more than one method 1/ |
| Z. | Not Applicable |

### SELF-INSURANCE PROGRAMS (WORKER’S COMPENSATION, LIABILITY AND CASUALTY INSURANCE)

Worker’s Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

| A. | When claims are paid or losses are incurred (no provision for reserves) |
| B. | When provisions for reserves are recorded based on the present value of the liability |
| C. | When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability |
| D. | When funds are set aside or contributions are made to a fund |
| Y. | Other or more than one method 1/ |
| Z. | Not Applicable |

1/ Describe on a Continuation Sheet

### CASUALTY INSURANCE

Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

| A. | When claims are paid or losses are incurred (no provision for reserves) |
| B. | When provisions for reserves are recorded based on the present value of the liability |
| C. | When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability |
| D. | When funds are set aside or contributions are made to a fund |
| Y. | Other or more than one method 1/ |
| Z. | Not Applicable |

1/ Describe on a Continuation Sheet
sponsored agreements or similar cost objectives:  (Mark one.)

A.   _____  When losses are incurred (no provision for reserves)

B.   _____  When provisions for reserves are recorded based on replacement costs

C.   _____  When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles.

D.   _____  Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)

Y.   _____  Other or more than one method  1/

Z.   _____  Not applicable

1/  Describe on a Continuation Sheet

6.2.1  Determination of Annual PRB Costs.

Not applicable.

End of Part