



# United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, DC 20240

## Nonprofit Organization Indirect Cost Negotiation Agreement

**EIN:** 53-0206027

**Date:** 07/10/2023

**Organization:**

Smithsonian Institution  
1000 Jefferson Dr SW  
Washington, DC 20560

**Report Number:** 2023-0488

**Filing Ref.:**

Last Negotiation Agreement  
dated: 08/31/2022

The indirect cost rates contained herein are for use on grants, contracts, and other agreements with the Federal Government to which Public Law 93-638 and/or 2 CFR Part 200 apply subject to the limitations contained in Section II.A. of this agreement. The rates were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

### Section I: Rate

| Start Date | End Date   | Rate Type          | Name                             | Rate    | Base | Location      | Applicable To |
|------------|------------|--------------------|----------------------------------|---------|------|---------------|---------------|
| 10/01/2023 | 09/30/2024 | Fixed Carryforward | G&A                              | 7.86 %  | (A)  | SI Onsite     | All Programs  |
|            |            |                    | G&A                              | 11.23 % | (B)  | SAO Onsite    | All Programs  |
|            |            |                    | Grants & Contracts OH            | 4.09 %  | (C)  | SI Onsite     | All Programs  |
|            |            |                    | SERC Core Support                | 4.80 %  | (D)  | SI Onsite     | All Programs  |
|            |            |                    | Direct Operating OH              | 27.83 % | (E)  | SAO Onsite    | All Programs  |
|            |            |                    | Central Engineering              | 36.37 % | (F)  | SAO Onsite    | All Programs  |
|            |            |                    | Material Burden                  | 5.92 %  | (G)  | SAO Onsite    | All Programs  |
|            |            |                    | Non-Productive (Leave)           | 19.05 % | (H)  | SAO Onsite    | All Programs  |
|            |            |                    | Benefits: Full & Part Time       | 30.48 % | (I)  | SI/SAO Onsite | All Programs  |
|            |            |                    | Benefits: Intermittent Employees | 8.33 %  | (J)  | SI/SAO Onsite | All Programs  |

(SI) Smithsonian Institution

(SAO) Smithsonian Astrophysical Observatory

## Section I: Rate (continued)

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**(A) Base:** Total cost input consisting of the total cost of direct operating activities including grants and contracts, materials, subawards, equipment, and applicable overhead, but excluding capital expenditures such as construction, equipment, the cost of collection items, equipment depreciation charges, and SAO home office allocation charges.

**(B) Base:** Total costs of direct operating activities (including grants and contracts) net use of costs associated with materials, subcontracts, and equipment. In addition, the base includes Central Engineering Costs and the applicable share of overhead costs.

**(C) Base:** Grant and Contract direct operating costs including salaries and benefits, materials, services, subawards, but excluding capital expenditures.

**(D) Base:** Total direct SERC costs, excluding capital expenditures.

**(E) Base:** Total direct salaries and wages, including fringe benefits costs.

**(F) Base:** Central Engineering direct costs including salaries, benefits, materials, and services.

**(G) Base:** Cost of direct materials, equipment, and subcontracts.

**(H) Base:** Total SAO full-time salaries and wages, excluding fringe benefits.

**(I) Base:** Total salaries less, intermittent and less than 90-day appointments.

**(J) Base:** Total intermittent and less than 90-day appointment salaries.

**Treatment of fringe benefits:** Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

**Treatment of paid absences:** Vacation, holiday, sick leave, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for the salaries and wages. Separate claims for the costs of these paid absences are not made.

## Section II: General

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- A. **Limitations:** Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).
- B. **Audit:** All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.
- C. **Changes:** The rate(s) contained in this agreement are based on the accounting system in effect at the time the proposal was submitted. Changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate(s) in this agreement may require the prior approval of the cognizant agency. Failure to obtain such approval may result in subsequent audit disallowance.
- D. **Rate Type:**
1. **Fixed Carryforward Rate:** The fixed carryforward rate is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such period have been determined, an adjustment will be made to the rate for a future period, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs

**Section II: General** (continued)

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2. **Provisional/Final Rate:** Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.
  3. **Predetermined Rate:** A predetermined rate is an indirect cost rate applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.
- E. **Rate Extension:** Only final and predetermined rates may be eligible for consideration of rate extensions. Requests for rate extensions of a current rate will be reviewed on a case-by-case basis. If an extension is granted, the non-Federal entity may not request a rate review until the extension period ends. In the last year of a rate extension period, the non-Federal entity must submit a new rate proposal for the next fiscal period.
- F. **Agency Notification:** Copies of this document may be provided to other federal offices as a means of notifying them of the agreement contained herein.
- G. **Record Keeping:** Organizations must maintain accounting records that demonstrate that each type of cost has been treated consistently either as a direct cost or an indirect cost. Records pertaining to the costs of program administration, such as salaries, travel, and related costs, should be kept on an annual basis.
- H. **Reimbursement Ceilings:** Grantee/contractor program agreements providing for ceilings on indirect cost rates or reimbursement amounts are subject to the ceilings stipulated in the contract or grant agreements. If the ceiling rate is higher than the negotiated rate in Section I of this agreement, the negotiated rate will be used to determine the maximum allowable indirect cost.
- I. **Use of Other Rates:** If any federal programs are reimbursing indirect costs to this grantee/contractor by a measure other than the approved rate(s) in this agreement, the grantee/contractor should credit such costs to the affected programs, and the approved rate(s) should be used to identify the maximum amount of indirect cost allocable to these programs.
- J. **Other:**
1. The purpose of an indirect cost rate is to facilitate the allocation and billing of indirect costs. Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.
  2. Programs received or initiated by the organization subsequent to the negotiation of this agreement are subject to the approved indirect cost rate(s) if the programs receive administrative support from the indirect cost pool. It should be noted that this could result in an adjustment to a future rate.
  3. This Negotiation Agreement is entered into under the terms of an Interagency Agreement between the U.S. Department of the Interior and the cognizant agency. No presumption of federal cognizance over audits or indirect cost negotiations arises as a result of this Agreement.
  4. Organizations that have previously established indirect cost rates—exclusive of the 10% *de minimis* rate—must submit a new indirect cost proposal to the cognizant agency for indirect costs within six (6) months after the close of each fiscal year.

**Section III: Acceptance**

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Listed below are the signatures of acceptance for this agreement:

By the Nonprofit Organization

By the Cognizant Federal Government Agency

Smithsonian Institution

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National Aeronautics and Space Administration

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DocuSigned by:  
*Ron Cortez*  
44E76D74D8354CB...

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DocuSigned by:  
*Craig Wills*  
B47DB1F4A5DB4BF...

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Signature

Signature

Ron Cortez

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Craig Wills

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Name:

Name:

Division Chief

Indirect Cost & Contract Audit Division

Interior Business Center

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Under Secretary for Administration

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Title:

Title:

7/19/2023

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7/13/2023

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Date

Date

Negotiated by: Muberra Guvenc

Telephone: (916) 930-3816

Next Proposal Due Date: 03/31/2024

**Smithsonian Institution (SI On-Site)  
FY 2022 Carryforward and FY 2024 Rate Computations**

**Supplement  
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| <b>TITLE/DESCRIPTION</b>                                     | <b>G&amp;A 1/</b>  | <b>Grants &amp;<br/>Contracts</b> | <b>SERC<br/>Support 2/</b> |
|--|--------------------|-----------------------------------|----------------------------|
| FY 2022 Direct Costs (incurred)                              | 284,115,049        | 39,568,806                        | 3,471,161                  |
| FY 2022 Rates (negotiated)                                   | 6.71%              | 11.95%                            | 12.02%                     |
| Recoverable Indirect & OH Costs                              | 19,064,120         | 4,728,472                         | 417,234                    |
| FY 2022 Indirect & OH Costs (incurred)                       | 18,945,532         | 3,052,438                         | 236,196                    |
| FY 2020 Carryforward Balances Liquidated in FY 2022 Rate     | (1,098,001)        | 530,299                           | 8,139                      |
| FY 2022 Indirect & OH Cost Pools                             | 17,847,531         | 3,582,737                         | 244,335                    |
| <b>FY 2022 Carryforward (Over)/Under Recoveries (actual)</b> | <b>(1,216,589)</b> | <b>(1,145,735)</b>                | <b>(172,899)</b>           |
| FY 2024 Proposed Indirect & OH Costs (estimates)             | 23,862,335         | 3,085,494                         | 433,665                    |
| FY 2023 Carryforward Balance Deferred to FY 2024             |                    |                                   | (86,903)                   |
| FY 2024 Carryforward Balance (for final liquidation)         | (608,295)          | (1,145,735)                       | (172,899)                  |
| FY 2024 Indirect & OH Cost Pools                             | 23,254,040         | 1,939,758                         | 173,863                    |
| FY 2024 Direct Cost Bases (estimates)                        | 295,718,808        | 47,482,567                        | 3,620,074                  |
| <b>FY 2024 Rates (SI On-Site)</b>                            | <b>7.86%</b>       | <b>4.09%</b>                      | <b>4.80%</b>               |

1/ G&A Rate FY 2022 actual carryforward amount scheduled for liquidation in the FY 2024 rate is modified for 50% liquidation in the FY 2024 rate with remaining 50% (\$608,295) postponed for liquidation in the FY 2025 rate.

2/ SERC Support Rate FY 2021 actual carryforward amount scheduled for liquidation in the FY 2023 rate was modified for 50% liquidation in the FY 2023 rate with remaining balance of (\$86,904) for liquidation in the FY 2024 rate.

**Smithsonian Astrophysical Observatory (SAO On-Site)  
FY 2022 Carryforward and FY 2024 Rate Computations**

**Supplement  
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| <b>TITLE/DESCRIPTION</b>                                     | <b>G&amp;A</b>     | <b>Direct<br/>Operating<br/>OH 1/<br/>Engineering</b> | <b>Central<br/>Engineering</b> | <b>Material<br/>Burden</b> | <b>Non-<br/>Productive<br/>(Leave)</b> |
|--|--------------------|---|--------------------------------|----------------------------|--|
| FY 2022 Direct Costs (incurred)                              | 67,179,257         | 41,297,855  | 7,815,208                      | 32,729,734                 | 39,221,737                             |
| FY 2022 Rates (negotiated)                                   | 14.23%             | 27.10%  | 37.23%                         | 5.99%                      | 17.86%                                 |
| Recoverable Indirect & OH Costs                              | 9,559,608          | 11,191,719  | 2,909,602                      | 1,960,511                  | 7,005,002                              |
| FY 2022 Indirect & OH Costs (incurred)                       | 8,283,446          | 11,217,386  | 2,660,132                      | 1,848,378                  | 7,464,674                              |
| FY 2019 Carryforward Balance Deferred to FY 2022             |                    | (426,594)   |                                |                            |  |
| FY 2020 Carryforward Balance Liquidated in FY 2022 Rate      | 36,894             | 90,281  | 54,924                         | 181,520                    | (450,689)                              |
| FY 2022 Indirect & OH Cost Pools                             | 8,320,340          | 10,881,073  | 2,715,056                      | 2,029,898                  | 7,013,985                              |
| <b>FY 2022 Carryforward (Over)/Under Recoveries (actual)</b> | <b>(1,239,268)</b> | <b>(310,646)</b>                                      | <b>(194,546)</b>               | <b>69,387</b>              | <b>8,983</b>                           |
| FY 2024 Proposed Indirect & OH Costs                         | 8,804,418          | 11,857,335  | 3,036,638                      | 1,867,887                  | 7,464,673                              |
| FY 2024 Carryforward Balance (for final liquidation)         | (1,239,268)        | (310,646)   | (194,546)                      | 69,387                     | 8,983                                  |
| FY 2024 Indirect & OH Cost Pools                             | 7,565,150          | 11,546,690  | 2,842,092                      | 1,937,274                  | 7,473,656                              |
| FY 2024 Direct Cost Bases (estimates)                        | 67,368,522         | 41,487,120  | 7,815,208                      | 32,729,734                 | 39,221,737                             |
| <b>FY 2024 Rates (SAO On-Site)</b>                           | <b>11.23%</b>      | <b>27.83%</b>   | <b>36.37%</b>                  | <b>5.92%</b>               | <b>19.05%</b>                          |

1/ Direct Operating OH Rate FY 2019 carryforward balance of (\$426,594) was postponed for final liquidation in FY 2021 actual costs for the FY 2023 rate computation. Scheduled liquidation was postponed to FY 2022 actual costs for the FY 2024 rate calculation. Carryforward balance liquidation is complete.

**Smithsonian Institution &  
Smithsonian Astrophysical Observatory  
(SI/SAO On-Site)**

**Supplement**

**FY 2022 Carryforward and FY 2024 Rate Computations**

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| <b>TITLE/DESCRIPTION</b>                                     | <b>Benefits-Full<br/>Time/Part<br/>Time 1/</b> | <b>Benefits-<br/>Intermittent<br/>1/</b> |
|--|--|--|
| FY 2022 Direct Salaries & Wages Costs (incurred)             | 197,739,613                                    | 2,992,962                                |
| FY 2022 Benefits Rates (negotiated)                          | 30.99%   | 8.36%                                    |
| Recoverable Benefits Costs                                   | 61,279,506                                     | 250,212                                  |
| <br>   |  |  |
| FY 2022 Benefits Costs (incurred)                            | 59,952,506                                     | 249,613                                  |
| FY 2020 Carryforward Balances Liquidated in FY 2022 Rate     | 2,665,503                                      | (594)                                    |
| FY 2022 Benefits Cost Pool                                   | 62,618,009                                     | 249,019                                  |
| <br>   |  |  |
| <b>FY 2022 Carryforward (Over)/Under Recoveries (actual)</b> | <b>1,338,503</b>                               | <b>(1,193)</b>                           |
| <br>   |  |  |
| FY 2024 Benefits Costs (estimates)                           | 60,262,506                                     | 249,213                                  |
| FY 2024 Carryforward Balance (for final liquidation)         | -  | -  |
| FY 2024 Benefits Cost Pools                                  | 60,262,506                                     | 249,213                                  |
| <br>   |  |  |
| FY 2024 Direct Salaries & Wages Bases (estimates)            | 197,739,613                                    | 2,992,962                                |
| <br>   |  |  |
| <b>FY 2024 Benefits Rates (SI/SAO On-Site)</b>               | <b>30.48%</b>                                  | <b>8.33%</b>                             |

1/ Both, Full Time/Part Time and Intermittent Employees Benefits, Rates FY 2022 actual carryforward amount scheduled for liquidation in the FY 2024 rates are postponed for liquidation in the FY 2025 rates.