Cost Accounting Standards Board
Disclosure Statement for Educational Institutions
Required by Public Law 100-679

Revision 4
Effective September 1, 2020
December 3, 2020

Mr. Greg Argueta
Assistant VP for Accounting & Financial Reporting
The University of Texas at Dallas
800 W. Campbell Rd., SP2-27
Richardson, TX 75080

Dear Mr. Argueta:

This is in response to the transmission of Revision 4 of the Costs Accounting Standards Board (CASB) Disclosure Statement (DS-2) for the University of Texas at Dallas. As the Administrative Contracting Office (ACO), I am required to determine the adequacy and compliance of the DS-2. Based on the review performed by our office, I have determined that your DS-2 adequately discloses the cost accounting practices required to be disclosed by CASB’s rules, regulations, and standards, and that those practices are compliant with applicable Federal cost accounting principles.

Approval of your DS-2 is subject to the following condition: The information provided by the Institution of Higher Education is not later found to be materially incomplete or inaccurate by the Federal government.

Should you have any questions, please contact Brian Caudill of my staff at (301) 492-4857.

Sincerely,

Arif Karim
Director
Cost Allocation Services

Enclosure
PLEASE SIGN AND EMAIL A COPY OF THE RATE AGREEMENT
The University of Texas at Dallas

Cost Accounting Standards Board
Disclosure Statement for Educational Institutions
Required by Public Law 100-679

Revision 4
Effective September 1, 2020

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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 or group 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 existing 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.
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<thead>
<tr>
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</tr>
</thead>
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<td>Disclosure Statement</td>
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<tr>
<td>Required by Public Law 100-679</td>
<td></td>
</tr>
<tr>
<td>Educational Institutions</td>
<td></td>
</tr>
</tbody>
</table>

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.
1. Educational Institution
   a. Name: The University of Texas at Dallas
   b. Mailing Address: 800 W. Campbell Rd, SP2 27
   c. City, State, and ZIP Code: Richardson, Texas 75080

2. Reporting Unit is:
   a. ______ Independently Administered Public Institution
   b. ______ Independently Administered Nonprofit Institution
   c. ______ Administered as Part of a Public System
   d. ______ Administered as Part of a Nonprofit System
   e. ______ Other (Specify) __________________________

3. Official to Contact Concerning this Statement:
   a. Name and Title: Greg Argueta, Assistant Vice President for Accounting and Financial Reporting
   b. Phone Number: 972-883-2679

4. Statement Type and Effective Date:
   a. Mark the type of submission, if a revision enter the number
      i. ______ Original Statement
      ii. ______ Amended Statement, Revision number 4
   b. Effective Date of this Statement: September 1, 2020

5. Statement Submitted To:
   a. Cognizant Federal Agency: Department of Health and Human Services, Cost Allocation Services
      7700 Wisconsin Avenue, Suite 8100
      Bethesda, MD 20857 (courier services – use zip code 20814)
      Fax: 301-492-5081
      eMail: CAS-Bethesda@psc.hhs.gov

   b. Cognizant Federal Auditor: Department of Health and Human Services, Cost Allocation Services
      1301 Young Street, Suite 732
      Dallas, TX 75202
      214-767-3261
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:  

Terry Pankratz  

(Signature)

Terry Pankratz  
(Print or Type Name)

Vice President and Chief Financial Officer  
(Title)

The penalty for making a false statement in this disclosure is prescribed in 18 U.S.C. §1001.
<table>
<thead>
<tr>
<th>Item #</th>
<th>Item Description – Revision Number 4, Effective September 1, 2020</th>
</tr>
</thead>
</table>

### 1.1.0 Description of Your Cost Accounting System
For recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a Continuation Sheet.)
- a. _____ Accrual
- b. _____ Modified Accrual Basis
- c. _____ Cash Basis
- y. X _____ Other

### 1.2.0 Integration of Cost Accounting with Financial Accounting
- a. _____ 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. X _____ Combination of a and b

### 1.3.0 Unallowable Costs
- a. _____ Specifically identified and recorded separately in the formal financial accounting records
- b. _____ Identified in separately maintained accounting records or workpapers
- c. _____ Identifiable through use of less formal accounting techniques that permit audit verification
- d. X _____ Combination of a, b, and c
- e. _____ Determinable by other means

#### 1.3.1 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.

### 1.4.0 Cost Accounting Period
- September 1st through August 31st (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.)

### 1.5.0 State Laws or Regulations
- 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.

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1 Describe on a Continuation Sheet
1.1.0 Description of Your Cost Accounting System – The University of Texas at Dallas charges direct cost to sponsored programs on an accrual basis. For annual reporting purposes, known charges meeting established thresholds are recorded to sponsored programs to ensure charges are appropriately recorded in the year in which the cost was incurred. Interdepartmental charges are made on the cash basis.

1.2.0 Integration of Cost Accounting with Financial Accounting – Direct charges to sponsored programs are fully integrated within the formal financial accounting system and are applied in accordance with accounting principles generally accepted in the United States of America. Financial records also conform to OMB Uniform Guidance requirements and are supported by appropriate documentation. Indirect costs are charged to sponsored programs using a calculated rate derived from financial statement data and accepted allocation methods. Administrative costs incurred by other organizations on behalf of the institution are allocated according to the corresponding organization’s approved distribution plan.

1.3.0 Unallowable Cost – Direct charges to sponsored programs are reviewed to ensure that no unallowable costs are charged. In the event that unallowable costs are identified in post-award reviews, the appropriate central office will work with the originating department to removed applicable charges. Transactions identified as unallowable are also excluded from indirect cost pools.

1.3.1 Treatment of Unallowable Costs – Unallowable costs are excluded from charges to Federally sponsored agreements. Directly associated costs for unallowable activities defined by CAS 505 will also be excluded from charges to Federally sponsored agreements. Where unallowable costs would normally be part of a regular indirect cost allocation base, they will remain in the base. Cost for unallowable activities will be reclassified into the Other Institutional Activities base.

1.5.0 State Laws or Regulations – The University of Texas at Dallas is a State agency. The State of Texas funds this institution’s educational and research efforts through various legislative processes including an appropriation bill. The State of Texas Constitution, statutes, and the Texas Comptroller of Public Accounts maintain laws and regulations affecting costing procedures. Cost incurred by other State agencies, including the University of Texas System Administration (UT System), are allocated by approved cost allocation plans and are included in the University of Texas at Dallas indirect cost proposal.

End of Part
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 Changed to Projects at:
   a. _____ Actual Invoiced Costs
   b. ___ X _____ Actual Invoiced Cost Net of Discounts Taken
   y. _____ Other
   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, Last Out
   c. _____ Average Costs
   d. ___ X _____ Predetermined Costs
   y. _____ Other
   z. _____ Not Applicable

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 benefits 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.)

\[\begin{array}{cccc}
\text{Direct Personal Services Category} & \text{Faculty} & \text{Staff} & \text{Students} & \text{Other}\footnote{\text{1}} \\
\hline
\text{Payroll Distribution Method (Individual time card/actual hours and rates)} & X & X & X & \\
\text{Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)} & & & & \\
\text{After-the-fact Activity Records (Percentage Distribution of employee activity)} & & & & \\
\text{Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)} & & & & \\
\text{Other(s)}\footnote{\text{1}} & & & & \\
\end{array}\]

2.5.1 Salary and Wage Cost Distribution Systems – 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.)

\[
\begin{array}{c}
\text{X} \quad \text{Yes} \\
\text{No} \\
\end{array}
\]

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.)

\footnote{1} Describe on a Continuation Sheet
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 the original charge.)

<table>
<thead>
<tr>
<th></th>
<th>Materials</th>
<th>Supplies</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>a. At full cost excluding indirect costs attributable to group or central office expenses.</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>b. At full cost including indirect costs attributable to group or central office expenses.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. At established catalog or market price or prices based on adequate competition.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>y. Other(s)¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>z. Interorganizational transfers are not applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

² Describe on a Continuation Sheet
2.1.0 Revised

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

The institution follows standards set out in §200.413 and §200.414 of the OMB Uniform Guidance to determine the treatment of costs as direct or indirect. Costs that can be directly assigned or identified specifically with a particular sponsored project, instructional activity, or other institutional activity with a high degree of accuracy are treated as direct cost. Costs that are incurred for common or joint objectives and cannot be directly assigned or identified specifically with a particular sponsored project, instructional activity, or other institutional activity are treated as indirect cost.

The institution follows standards set out in Appendix III, §B.6 of the OMB Uniform Guidance which specifying the normal treatment of certain costs commonly incurred by academic departments and organized research units.

Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or indirect.

Within academic departments and organized research units, major cost categories are treated as follows:

a. Salaries and fringe benefits for faculty, professional staff, technicians, and students associated with effort on research projects, instructional activities, and other direct cost objectives are treated as direct cost. Tuition remission provided to graduate students for work performed on research projects and teaching activities is also treated as direct cost. Salaries and fringe benefits for faculty and professional staff associated with administrative activities is treated as indirect cost. Salaries and fringe benefits for administrative and clerical staff are regularly treated as indirect cost as required by the OMB Uniform Guidance. However, these costs are treated as direct cost when the nature of the work performed for a particular project requires an extensive amount of administrative or clerical support and the costs meet the criteria for direct charges according to the OMB Uniform Guidance §200.413(c).

b. Charges for laboratory supplies (such as chemicals and glassware), instructional supplies, animals, animal care and other specialized services, travel, and contractual services described in Items 2.2.0 and 2.7.0, identifiable to research projects, instructional activities, or other direct cost objectives are treated as direct cost.

c. Specialized repair and maintenance requests involving internal building operations and equipment which are identifiable to research projects, instructional activities, or other direct cost objectives are treated as direct cost based on a work order system. Rent and other costs for off-campus facilities identifiable to research projects, instructional activities, or other direct cost objectives are also treated as direct cost.

Costs for office supplies, postage, local (basic) telephone services, and memberships are treated as indirect cost, except in situations the institution considers to be “unlikely circumstances” under CAS 502.

As indicated above, the institution directly charges administrative and clerical salaries and fringe benefits, office supplies, postage, local telephone services, and memberships only under exceptional circumstances consistent with the OMB Uniform Guidance. In implementing the guidance, the institution relies on the judgement of principal investigators and other responsible officials to determine whether these circumstances exist for a particular project, and requires that proposed direct charges for these costs be fully justified to sponsoring agencies in grant applications and contract proposals. When a sponsoring agency accepts, or does not
2.1.0 Continued
specifically disapprove a direct proposal budget, the institution will consider the cost an appropriate direct cost
for the project. When a sponsoring agency specifically disapproves of a direct cost item, the institution will rely
on the sponsoring agency’s judgement and treat the cost as indirect until circumstances arise at a later date that
justifies direct charging of the cost.

Costs that are normally indirect may be charged directly to non-federal sponsored projects when permitted by
the sponsor’s policies and practices or otherwise approved by the sponsor.

2.2.0 Description of Direct Materials – Direct material costs include the following major categories: laboratory
supplies such as beakers, batteries, gaskets, and enzymes; hardware and parts for equipment fabrication;
chemicals and gases; books and subscriptions; and other consumable supplies as approved by the sponsor
for each project.

2.3.2 Inventory Requisitions from Central or Common, Institution-Owned Inventory – Inventory requisitions are made
through service and recharge centers maintained in accordance with §200.468 of the OMB Uniform Guidance.
Predetermined rates are established and reviewed annually for charging central and inventoried items to
research projects, instructional activities, or other direct cost objectives.

2.4.0 Description of Direct Personal Services – The institution directly charges the following personal services
identified for a sponsored project: faculty, administrative professionals, research engineers, research
scientists, research associates, technicians, and student workers. Direct charges include salaries and fringe
benefits, and may also include tuition remission for graduate and research assistants. Salaries and fringe
benefits are only charged directly as described in Item 2.1.0.

2.5.2 Salary and Wage Cost Accumulation System – The institution uses a payroll system, which is integrated
with the general ledger, and records the salary of each employee to the sponsored project or other activity
that was directly identifiable with the cost. Salary and charge information is entered into the payroll system
using appointment and distribution forms which are electronically routed for appropriate approvals. These
forms include the sponsored project or other activity to be directly charged, payment amounts, and term
of appointments. Payroll charges are distributed according to approved forms and reconciled for accuracy
on a monthly basis. Any changes identified through the reconciliation process are submitted on electronic
distribution forms for reallocation to the appropriate institutional activity.

2.6.0 Description of Direct Fringe Benefit Costs – The following is a list and descriptions of all directly charged
fringe benefits.
  a. Premium Sharing – A rate is established annually by the UT System for health insurance. This cost is
     applicable to all benefit eligible employees and retirees.
  b. Old Age Survivor Insurance (OASI) – A rate for employers is set by the Federal government. All employees
     receive these benefits other than non-residents and exemption qualifying students.
  c. Worker’s Compensation Insurance – A rate is established by the UT System to cover the cost of a self-
     insurance fund. The fund was established to assist employees that have been injured on the job.
  d. Unemployment Compensation Insurance – A rate is established by the UT System in order to assist
     employees who are temporarily unemployed through no fault of their own. All employee salaries with the
     exception of certain student populations are eligible for this benefit.
2.6.0 Continued
   
e. Teacher Retirement System (TRS) – The institution participates in a cost-sharing, multi-employer defined benefit pension plan administered by the State of Texas. The employer contributes a flat rate established by the State for all eligible employees.
   
f. Optional Retirement Program (ORP) – A rate is established by the State of Texas for eligible employees that elect to contribute to ORP in lieu of participation in TRS. ORP is available only to certain employees who hold faculty and key administrative and professional positions.
   
g. Vacation and Sick Leave – General leave such as vacation, sick, and holiday costs are included in the ongoing charges for salaries and wages. Termination vacation charges are assessed for all eligible employee hours through a chargeback process which establishes a common rate on an annual basis. Termination vacation payments are then made from the termination vacation pool.

2.6.1 Method of Charging Direct Fringe Benefits – Fringe benefits are identified and charged for the actual cost associated with each specific employee. Distribution of actual costs follows the distribution of employee salaries to research projects, instructional activities, or other direct cost objectives.

2.7.0 Description of Other Direct Costs – Other major cost categories directly identified and charged to Federally sponsored agreements are described below.
   
a. Professional fees and services including subcontract costs
   
b. Contracted services
   
c. Travel
   
d. Materials and supplies
   
e. Computers, computer parts and services, and computer software
   
f. Printing and reproduction services
   
g. Scholarships and fellowships when allowable
   
h. Equipment when allowable and necessary to meet project requirements
   
i. Rentals and leases when allowable and necessary to meet project requirements

End of Part
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 or 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 Describe on a Continuation Sheet, the categories and subgroups of expenses involved and the allocation bases used
3.1.0 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 other 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 Allowances/Interest Building Equipment</td>
<td>Yes</td>
<td>L</td>
<td>1</td>
</tr>
<tr>
<td>Capital Improvements to Land¹</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest¹</td>
<td>No</td>
<td>L</td>
<td></td>
</tr>
<tr>
<td>b. Operation and Maintenance</td>
<td>Yes</td>
<td>L</td>
<td>2</td>
</tr>
<tr>
<td>c. General Administrative and General Expense</td>
<td>No</td>
<td>D</td>
<td>3</td>
</tr>
<tr>
<td>d. Departmental Administration</td>
<td>Yes</td>
<td>D</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 Administration and Services</td>
<td>Yes</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>h. Other¹</td>
<td>N/A</td>
<td></td>
<td></td>
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</tbody>
</table>

¹ Describe on a Continuation Sheet
### 3.2.0 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 within the OMB Uniform Guidance §200.468. (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.)

<table>
<thead>
<tr>
<th>Item #</th>
<th>Item Description – Revision Number 4, Effective September 1, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

#### a. Scientific Computer Operations
- 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.
- 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.
- 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).
- 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).
- 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).

#### b. Business Data Processing
- 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.
- 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.
- 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).
- 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).
- 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).

#### c. Animal Care Facilities
- 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.
- 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.
- 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).
- 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).
- 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).

#### d. Other Service Centers with Annual Operating Budgets exceeding $1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet if necessary)
- Printing and Copying Services
- Facilities Maintenance Services
- Employee Compensable Leave
- Retiree Medical Premium Sharing
3.3.0 Indirect Cost Pools and Allocation Bases – (Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding services 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>______ Other¹</td>
<td>Z</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>______ Other¹</td>
<td>Z</td>
</tr>
<tr>
<td>c. Other Sponsored Activities</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>______ Other¹</td>
<td>Z</td>
</tr>
<tr>
<td>d. Other Institutional Activities¹</td>
<td>Z</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, subgroupings of expenses, and elements of cost included.)

3.5.0 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 benefitting 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.)

3.6.0 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. ______ No¹

¹ Describe on a Continuation Sheet
3.1.0 Indirect Cost Categories, Accumulation and Allocations
a. Interest – is incurred on debt instruments used to fund capital projects and equipment. The UT System administers all debt financing and interest, and allocates interest expenses to the appropriate UT System institution. This information is used to distribute or allocate interest to each building or construction project associated with the debt funding if identifiable, or allocated institution-wide when not identifiable.
c. General Administrative and General Expense – are identified, recorded, and accumulated in the institution’s formal accounting system with the addition of administrative expense incurred at the UT System level. UT System general administrative expenses are allocated to each UT System institution using approved allocation methods.

Allocation Base Code
f. Library – expenses are first allocated into categories based on the full-time equivalent distribution of salaries and wages. The categories are faculty, graduate students, graduate students involved in research, and undergraduate students. Each of these categories is then classified into OMB Uniform Guidance direct cost objectives as follows:
1. Faculty – are allocated into instruction, organized research, other sponsored activities, and other institutional activities based on the function of the salaries incurred
2. Graduate students – are allocated to instruction
3. Graduate students involved in research – are allocated to organized research
4. Undergraduate students – are allocated to instruction
5. Other users – are allocated to other institutional activities

3.4.0 Composition of Indirect Cost Pools
a. Building Depreciation – is calculated using the methods prescribed for the institutions financial reporting requirements and excludes any assets acquired with Federal funds.

Equipment Depreciation – is calculated using the methods prescribed for the institutions financial reporting requirements and excludes any assets acquired with Federal funds.

Interest – is made up of interest on debt incurred to acquire and construct capital buildings, equipment, and improvements to land. Debt is administered at the UT System level and assigned or allocated to each UT System institution.
b. Operation and Maintenance – includes costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institutions physical plant. Operational areas included in this pool are facilities support services, building and grounds maintenance, custodial services, and campus security. Cost categories include salaries, fringe benefits, non-capital repairs, and supplies.
c. General Administrative and General Expense – includes costs incurred for the general executive and administrative offices of the institution and other expenses which do not relate solely to any major function of the institution. Operational areas included in this pool are the Office of the President, the Vice President for Academic Affairs and Provost, the Vice President for Budget and Finance, Human Resources,
3.4.0 Continued

and Internal Audit. Cost categories include salaries, fringe benefits, and general materials and supplies.

d. Departmental Administration – includes costs incurred for administrative and supporting services that benefit common or joint departmental activities in academic dean’s offices, academic departments, and organized research units. Operational areas included in this pool are the institution’s schools listed below.
   1. Arts and Humanities
   2. Arts, Technology, and Emerging Communication
   3. Behavioral and Brain Sciences
   4. Economic, Political, and Policy Sciences
   5. Erik Jonsson School of Engineering and Computer Sciences
   6. Interdisciplinary Studies
   7. Naveen Jindal School of Management
   8. Natural Sciences and Mathematics

Cost categories include salaries, fringe benefits, and associated materials and supplies.

e. Sponsored Project Administration – include costs incurred by a separate organization established primarily to administer sponsored projects. Operational areas included in this pool are the Office of Sponsored Programs, Post-award Management, and Technology Commercialization. Cost categories include salaries, fringe benefits, and associated materials and supplies.

f. Library – includes costs incurred for the operation of a library, the cost of books and reference materials. Cost categories include salaries, fringe benefits, and associated materials and supplies.

g. Student Administration and Services – include costs incurred for the administration of student affairs and services to students. Operational areas included in this pool are the Registrar, the Student Counseling Center, and Admissions. Cost categories include salaries, fringe benefits, and associated materials and supplies.

3.5.0 Composition of Allocation Bases

a. Building Depreciation – is allocated to applicable cost objectives based on the net assignable square footage of each campus building. Net assignable square footage within each building is identified through a space inventory and regular functional use surveys (space survey).

   Equipment Depreciation – is identified within the institutions accounting system by building. These costs are then allocated to applicable cost objectives based on the building where the equipment is located.

   Interest – is allocated to applicable cost objectives based on net assignable square footage categories identified within the space survey.

b. Operation and Maintenance – are identified for the entire institution and allocated to applicable cost objectives based on net assignable square footage categories identified within the space survey. Costs related to auxiliary enterprise activities are allocated to other institutional activities.

c. General Administrative and General Expense – is identified for the entire institution and allocated to applicable cost objectives based on modified total direct costs (MTDC). MTDC consists of salaries and wages, fringe benefits, materials and supplies, services, travel, and sub-agreements up to the first $25,000 of each agreement. MTDC excludes capitalized equipment and other capital expenditures, tuition remission, scholarships and fellowships, participant support costs, and the portion of each sub-agreement
3.5.0 Continued

in excess of $25,000.

d. Departmental Administration – is identified by each institutional department and allocated to the applicable cost objectives based on MTDC. The administrative expenses of dean’s offices for each school are allocated to the academic department within that school. An adjustment is made to remove departmental administration costs paid directly by sponsored agreements using a computed direct charge equivalent (DCE).

e. Sponsored Project Administration – is identified for the entire institution and allocated to applicable cost objectives based on MTDC for sponsored agreements.

f. Library - expenses are first allocated into categories based on the full-time equivalent distribution of salaries and wages. The categories are faculty, graduate students, graduate students involved in research, and undergraduate students. Each of these categories is then classified into OMB Uniform Guidance direct cost objectives as follows:
   a. Faculty – are allocated into instruction, organized research, other sponsored activities, and other institutional activities based on the function of the salaries incurred
   b. Graduate students – are allocated to instruction
   c. Graduate students involved in research – are allocated to organized research
   d. Undergraduate students – are allocated to instruction
   e. Other users – are allocated to other institutional activities

g. Student Administration and Services – are identified and allocated entirely to the instruction objective as provided in the OMB Uniform Guidance.

Final Distribution Base – is the base used to allocate the accumulated indirect costs of each major function to sponsored agreements within that function. The base used is MTDC.

End of Part
### Item # | Item Description – Revision Number 4, Effective September 1, 2020

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4.1.0 **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>A</td>
</tr>
<tr>
<td>b. Buildings</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>c. Building Improvements</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>d. Leasehold Improvements</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>e. Equipment</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>f. Furniture and Fixtures</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>g. Automobiles and Trucks</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>h. Tools</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</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>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</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 method¹

**Column (2) - Useful Life Code**

- A Replacement Experience
- B Term of Lease
- C Estimated service life
- D As prescribed for use allowance by OMB
- Y Other or more than one method¹

**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 method¹

**Column (4) - Residual Value Code**

- A Residual value is deducted
- B Residual value is not deducted
- Y Other or more than one method¹

---

¹ Describe on a Continuation Sheet
4.1.1 **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.)

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

4.2.0 **Fully Depreciation 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.)

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

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.)

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Excluded from determination of sponsored agreement costs</td>
</tr>
<tr>
<td>b.</td>
<td>Credited or charged currently to the same pools to which the depreciation of the assets was originally charged</td>
</tr>
<tr>
<td>c.</td>
<td>Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved</td>
</tr>
<tr>
<td>d.</td>
<td>Not accounted for separately, but reflected in the depreciation reserve account</td>
</tr>
<tr>
<td>y.</td>
<td>Other¹</td>
</tr>
<tr>
<td>z.</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

4.4.0 **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.)

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Minimum dollar amount $5,000.00</td>
</tr>
<tr>
<td>b.</td>
<td>Minimum life years Over 1</td>
</tr>
</tbody>
</table>

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.)

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

¹ Describe on a Continuation Sheet
4.1.0 Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives – Other asset categories are detailed below.

<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>i. Library Books and Materials</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Computer Software</td>
<td>A</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
</tbody>
</table>

4.4.0 Criteria for Capitalization – Buildings, facilities and other improvements, and purchased software use a capitalization threshold of $100,000.00. Infrastructure costs use a capitalization threshold of $500,000.00 and internally developed software costs use a $1,000,000.00 capitalization threshold.

End of Part
<table>
<thead>
<tr>
<th>Item #</th>
<th>Item Description – Revision Number 4, Effective September 1, 2020</th>
</tr>
</thead>
</table>

5.1.0 **Method of Changing 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))

- [ ] Cash
- [X] Accrual

5.2.0 **Application Credits** – This Item is directed at the treatment of "applicable credits" as defined in §200.406 of the OMB Uniform Guidance 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.)

- [ ] Credits/receipts are offset against the specific direct or indirect costs to which they relate
- [ ] Credits/receipts are handled as a general adjustment to the indirect pool
- [ ] Credits/receipts are treated as income and are not offset against costs
- [X] Combination of methods¹
- [ ] Other¹

¹ Describe on a Continuation Sheet
5.2.0 Application Credits – Purchase discounts, rebates, and other refunds, adjustments, or corrections are credited against the original transaction for which the credit is related. Library, parking, and incidental receipts are treated as income and not offset against cost. Credit and purchasing card rebates (such as percentage based incentive payments on procurement activity) that cannot be identified with the original transaction will be treated as an offset to the Operation and Maintenance indirect cost pool in future indirect cost rate proposals.

End of Part
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 of the General Instructions)

6.1.0 Pension Plans

6.1.1 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>1</td>
</tr>
<tr>
<td>b. Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td>
<td></td>
</tr>
<tr>
<td>c. Institution has its own defined-contribution plan(s)¹</td>
<td></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.)

6.2.0 Post-Retirement Benefits Other than Pensions (including post-retirement health care benefits) (PRB’s) — (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.)

<table>
<thead>
<tr>
<th>PRB Plan</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>z. Not applicable</td>
<td></td>
</tr>
</tbody>
</table>

6.2.1 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.)

¹ Describe on a Continuation Sheet
6.3.0 **Self-Insurance Programs (Employee Group Insurance)** – Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

- **X** When accrued (book accrual only)
- _____ When contributions are made to a non-forfeitable fund
- _____ When contributions are made to a forfeitable fund
- _____ When the benefits are paid to an employee
- _____ When the amounts are paid to an employee welfare plan
- _____ Other or more than one method¹
- _____ Not applicable

6.4.0 **Self-Insurance Programs (Worker’s Compensation, Liability, and Casualty Insurance)**

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

- _____ When claims are paid or losses are incurred (no provision for reserves)
- _____ When provisions for reserves are recorded based on the present value of the liability
- _____ When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability
- **X** When funds are set aside or contributions are made to a fund
- _____ Other or more than one method¹
- _____ Not applicable

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

- _____ When losses are incurred (no provision for reserves)
- _____ When provisions for reserves are recorded based on replacement costs
- _____ When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles
- _____ Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)
- **X** Other or more than one method¹
- _____ Not applicable

¹ Describe on a Continuation Sheet
6.4.2 **Casualty Insurance** – Insurance for buildings and contents, vehicles, and equipment are generally paid from institutional funds. Specific and necessary insurance may be purchased by institutional departments and charged to sponsored agreements.

End of Part
This part should be completed only by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.

The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.

7.1.0 Organizational Structure – On a Continuation Sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC’s), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.

7.2.0 Cost Accumulation and Allocation – On a Continuation Sheet, provide a description of:
   a. The services provided to segments of the university or university system (including hospitals, FFRDC’s, GOCO facilities, etc.), in brief.
   b. How the costs of the services are identified and accumulated.
   c. The basis used to allocate the accumulated costs to the benefitting segments.
   d. Any costs that are transferred from a segment to the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.
   e. Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state.
### 7.1.0 Organizational Structure

All segments of the university and university system referred to as the UT System are listed below.

<table>
<thead>
<tr>
<th>University of Texas at Arlington</th>
<th>University of Texas Health Science Center at Houston</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Texas at Austin</td>
<td>University of Texas Health Science Center at San Antonio</td>
</tr>
<tr>
<td>University of Texas at Dallas</td>
<td>University of Texas Health Science Center at Tyler</td>
</tr>
<tr>
<td>University of Texas at El Paso</td>
<td>University of Texas MD Anderson Cancer Center</td>
</tr>
<tr>
<td>University of Texas at Permian Basin</td>
<td>University of Texas Medical Branch at Galveston</td>
</tr>
<tr>
<td>University of Texas at San Antonio</td>
<td>University of Texas Southwestern Medical Center</td>
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<tr>
<td>University of Texas at Tyler</td>
<td>University of Texas System Administration</td>
</tr>
<tr>
<td>University of Texas Rio Grande Valley</td>
<td></td>
</tr>
</tbody>
</table>

### 7.2.0 Cost Accumulation and Allocation

a. The UT System provides compliance, administrative, financial, and planning services through operational units consisting of Academic Affairs; Business Affairs; Health Affairs; External Relations, Communication, and Advancement Services; Governmental Relations; and General Counsel.

b. The cost of services provided by UT System and the interest expense from Permanent University Fund bonds are accumulated using a separate series of accounts within the UT System’s records. Costs are allocated to the institution according to approved distribution plans.

c. UT System allowable cost of services, as defined by the OMB Uniform Guidance, are allocated proportionally to the institution based on the institution’s total current expenditures, less current funds, capital outlay, and student financial aid costs.

d. There are no costs transferred from the institution to the UT System for redistribution to other institutions.

e. There are no fixed management fees that are charged to an institution in lieu of a prorata or allocation basis and the basis of such charge.

End of Part