



**LOUISIANA STATE UNIVERSITY  
AND A&M COLLEGE**

**COST ACCOUNTING STANDARDS BOARD  
DISCLOSURE STATEMENT  
FOR EDUCATIONAL INSTITUTIONS**

**(CASB DS-2)**

**REQUIRED BY PUBLIC LAW 100-679**

**REVISION NUMBER 3  
EFFECTIVE DATE JULY 1, 2021**

**PRECEDED BY:**

**REVISION 2 – EFFECTIVE JULY 1, 2007**

**REVISION 1 – EFFECTIVE JULY 1, 2006**

**EFFECTIVE SEPTEMBER 30, 1998**

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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 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.

Item No.

Item Description

**0.1**

**EDUCATIONAL INSTITUTION**

- (a) Name Louisiana State University & A&M College  
Finance & Administration
- (b) Street Address 330 Thomas Boyd Hall
- (c) City, State and ZIP Code Baton Rouge, LA 70803
- (d) Division or Campus of N/A

**0.2**

**REPORTING UNIT IS: (Mark one.)**

- 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)

**0.3**

**OFFICIAL TO CONTACT CONCERNING THIS STATEMENT:**

- (a) Name and Title Hope Rispone  
Director of Financial Accounting and Reporting
- (b) Telephone Number (225) 578-7462

**0.4**

**STATEMENT TYPE AND EFFECTIVE DATE:**

- A. (Mark Type of submission. If revision, enter number)
- (a)  Original Submission
- (b)  Amended Statement; Revision No. 3
- B. Effective Date of this Statement: (Specify) **July 1, 2021**

**0.5**

**STATEMENT SUBMITTED TO (Provide office name, location, and telephone number. Include area code and extension):**

- A. Cognizant Federal Agency: Department of Health and Human Services  
Cost Allocation Services  
Cohen Building, Room 1067  
330 Independence Avenue, S.W.  
Washington, D.C. 20201  
(202) 401-2808
- B. Cognizant Federal Auditor: DHHS – OIG Audit Agency

COST ACCOUNTING STANDARDS BOARD  
DISCLOSURE STATEMENT  
REQUIRED BY PUBLIC LAW 100-679  
EDUCATIONAL INSTITUTIONS

COVER SHEET AND CERTIFICATION  
LOUISIANA STATE UNIVERSITY  
& A&M COLLEGE

Item No.

Item Description

**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: July 1, 2021



(Signature)

Donna K. Torres  
Vice President of Finance  
Louisiana State University and A&M College



(Signature)

Guy J. Lavergne  
Associate Executive Director  
Pennington Biomedical Research Center

THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE  
IS PRESCRIBED IN 18 U.S.C. § 1001

Item No.	Item Description
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Item No.	Item Description
<b>Part I</b>	
1.1.0	<p><u>Description of Your Cost Accounting System</u> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants, and cooperative agreements). (Mark the appropriated lines(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. _____ Accrual            B. _____ Modified Accrual Basis <u>1/</u>            C. _____ Cash Basis            Y. <u> X </u> Other <u>1/</u></p>
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting.</u> 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.)</p> <p>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. <u> X </u> Combination of A and B</p>
1.3.0	<p><u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. _____ Specifically identified and recorded separately in the formal financial accounting records. <u>1/</u>            B. _____ Identified in separately maintained accounting records or work papers. <u>1/</u>            C. _____ Identified through use of less formal accounting techniques that permit audit verification. <u>1/</u>            D. <u> X </u> Combination of A, B or C. <u>1/</u>            E. _____ Determinable by other means. <u>1/</u></p>
1.3.1	<p><u>Treatment of Unallowable Costs.</u> (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.)</p>
1.4.0	<p><u>Cost Accounting Period:</u> <u>7/1 to 6/30</u> (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.)</p>
1.5.0	<p><u>State Laws or Regulations.</u> 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.</p>
<p><u>1/ Describe on a Continuation Sheet</u></p>	

Item No.	Item Description
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**1.1.0**

**Description of Cost Accounting System**

The University's cost accounting system accumulates costs on a cash basis. Exceptions to this are indirect costs charged to federally sponsored agreements based on predetermined rates and fringe benefits charged based on historical rates. Adjustments are made at yearend for accounts payable, accounts receivable and payroll expenditures.

At the close of federally sponsored agreements, LSU accrues charges incurred prior to payment of all expenses.

**1.2.0**

**Rev. 3**

**Integration of Cost Accounting with Financial Accounting**

Direct costs charged to sponsored agreements are fully integrated into the financial accounting system.

Costs included in LSU's facilities and administrative (F&A) rate calculation is based on the financial accounting records, with adjustments and reclassifications made as required by OMB Code of Federal Regulations, Part 200.

The Faculty Allowance and the Direct Cost Equivalent (DCE) for Departmental Administration (DA) is determined and calculated outside of the Institution's ledger system. Unrestricted expenditures are downloaded from the ledger and a DCE formula is applied to develop the majority of the DA cost component. The remainder of DA costs which are incurred in College Administration (Dean's Offices) is integrated with the financial records. See Section 3.4.0, Composition of Indirect Cost Pools - Departmental Administration.

Some expenses paid by the State of Louisiana on behalf of LSU are not recorded in the university's formal accounting system but are included in the calculation of the F&A rate. See Section 3.1.0, Indirect Cost Categories-Cost Accumulation and Allocation.

**1.3.0**

**Rev. 3**

**Unallowable Costs – Combination of A, B and C**

Unallowable costs, identified on a transaction basis, are determined by three methods: [A] specific identification in the formal accounting records; [B] the use of separately prepared and maintained memorandum records; and [C] when necessary, the use of less formal accounting techniques. All methods permit audit verification. The costs are identified and excluded from billings to federal government agencies supporting sponsored agreements.

The following procedures are used per Code of Federal Regulations, Part 200:

- A. Unallowable costs, identified on a transaction basis, are specifically identified and recorded separately in the formal accounting records.
- B. Activities that are unallowable for inclusion in the University's indirect cost proposal are identified and reported with other unallowable activities in Other Institutional Activities.
- C. Less formal accounting techniques such as work papers and analyses are used, if necessary, in the preparation of the University's indirect cost proposal when the formal accounting records are reviewed to identify unallowable costs.

Item No.	Item Description
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**1.3.1**

**Treatment of Unallowable Costs**

Unallowable costs identified and described above may be recorded as either direct (part of a base) or indirect (part of a pool). When unallowables are recorded as part of a direct base, the cost is left in the base to draw its share of indirect costs. When unallowables are recorded as part of an indirect cost pool, the cost is removed from the pool. These rules are uniformly applied to each direct base, including service center costs, and every indirect cost pool described in Part III of this disclosure.

**1.5.0  
Rev. 3**

**State Laws or Regulations**

The following State laws and regulations influence the University's cost accounting practices. Any changes in these laws and regulations will result in changes to the related policies and procedures of the University.

- a. State Purchasing Regulations - The University is subject to the purchasing and material management **rules and regulations of the Louisiana Administrative Code 34: XIII Chapters 3-25 also known as the Higher Education Procurement Code** as promulgated by the Commissioner of Administration. These regulations have been incorporated into the operating procedures of the University.
- b. Telecommunications - The University is subject to the regulations of the State Office of Telecommunications Management. These regulations have been incorporated into the operating procedures of the University for the procurement of all telecommunications services and equipment.
- c. Sales Tax Regulations and Exemptions - The University is exempt from paying sales taxes on all purchases made for consumption. All merchandise purchased by LSU for resale is likewise exempt from sales tax. However, in accordance with statutes of the State of Louisiana, the University assesses and collects the applicable state sales tax on all sales made to the general public, which taxes are then remitted by LSU to the State Department of Revenue and Taxation.
- d. Capitalization of Movable Equipment - State property control regulations define all movable property that must be capitalized and included in the University's movable property inventory. If LSU manufactures movable property for use within the University, LSU must determine estimated costs based on the cost of labor and/or materials. See Section 4.4.0.
- e. Travel Regulations - The University is subject to the travel regulations of **PM-13, University Travel Regulations. The State of Louisiana Travel Policy (PPM-49) is used to provide guidance to PM-13 but is not meant to be all inclusive.** These regulations have been incorporated into the operating procedures of LSU for all travel expenses, including the cost of airfare, mileage, lodging, **rental vehicles, meal per diem,** and other **related** expenses.
- f. State Civil Service Commission - The State Civil Service Commission, parameters for which are established by the Louisiana Constitution, governs the employment of classified employees. The State Civil Service Commission has approved and promulgated Civil Service Rules used to administer this program on a daily basis. These Civil Service Rules provide for the hiring of most hourly/non-student employees, and also have very stringent layoff provisions.



COST ACCOUNTING STANDARDS BOARD  
DISCLOSURE STATEMENT  
REQUIRED BY PUBLIC LAW 100-679  
EDUCATIONAL INSTITUTIONS

CONTINUATION SHEET  
PART I - GENERAL INFORMATION  
**LOUISIANA STATE UNIVERSITY  
& A&M COLLEGE**

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	<p>g. Leave Provisions - There are a number of state statutes governing the accrual, use, and payment of annual and sick leave to University employees. The leave for classified employees is determined by the State Civil Service Commission, while the leave for professional and academic employees is governed by state statutes and LSU System policy. Sabbatical leave for academic employees is also provided by state statute and LSU System policy. See additional description in 2.6.0.</p> <p>h. Health Benefits - The State of Louisiana provides medical insurance to University employees under the Office of Group Benefits Program, which requires cost sharing between the employee and employer. The program permits employees to <b>choose from a wide variety of plans (PPO, HMO, and HDHP) that are administered by contracted</b> private providers. The State also allows the University to provide coverage under the LSU System Health Plan, a self-insured consumer driven plan with the same cost sharing requirements. See additional information in 2.6.0.</p> <p>i. Pension Plans - University employees must participate in a contributory pension plan. LSU is a participatory employer in both the Louisiana State Employees' Retirement System and the Teachers' Retirement System. Both are defined benefit plans administered by separate boards in accordance with the retirement statutes of the State of Louisiana. Employees eligible to join the Teachers' Retirement System are given the choice to join the Optional Retirement Plan (ORP), a defined contribution plan in which both the University and the employee participate. Employees not eligible for these plans are required to participate in either Social Security or an alternative Deferred Compensation Plan (Section 457), which plans are also contributory. The ORP and the Deferred Compensation Plan are each administered in accordance with state statutes. See additional information in 2.6.0.</p> <p>j. Unemployment Insurance - The State of Louisiana administers a program for unemployment benefits requiring employers to participate. The University reports employee separations to the State and works with a third-party administrator on claims filed.</p> <p>k. Statewide Risk Management Program - The State of Louisiana administers a risk management program in which the University is <b>either</b> required to participate <b>or hold approved self-insurance</b>. <b>Any</b> premiums assessed by the State <b>or insurance companies</b> are charged as institutional costs when paid by the University.</p> <p>l. Professional Licensing - The State of Louisiana has established a variety of boards and commissions to issue licenses to regulate various occupations. The University complies with these requirements by hiring licensed professional staff when required by state statute.</p> <p>m. Code of Governmental Ethics - The State of Louisiana has a Code of Governmental Ethics providing certain limitations on employment and activities after state employment and designed to limit unlawful or unethical gains by individuals resulting from their employment with the State. Employees who leave the University cannot be hired as consultants by their previous department for two years. The Code also serves as the basis for LSU's policy relating to employees outside work with other state agencies and other organizations.</p> <p>n. Inventories and Discoveries - The University has policies governing the disposition of intellectual property, such as inventions and discoveries resulting from research activities and copyrights. State statutes govern the contractual relationships that might be entered into between LSU and its faculty and research staff regarding the exploitation of such intellectual property.</p>
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- o. Uniform System of Accounting - The Louisiana Commissioner of Administration is authorized by state statute to require uniform systems of accounting and reporting for all state agencies and has established standards for use by all public universities in Louisiana based on the accounting principles set forth by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standard Board (FASB).
- p. Pennington Biomedical Research Center (PBRC) – PBRC is a separate segment with administrative reporting to LSU. It receives cost accounting and payroll support from the University. PBRC utilizes the University’s cost accounting policies and procedures. Historically, PBRC has been part of the University’s Facilities and Administrative Cost Rate proposal process. For cost allocation and accumulation, it has been treated like part (a college) of the University receiving allocations of General Administrative costs of the University. As a physically separate campus, its costs of depreciation, operation and maintenance, library and sponsored projects administration are accumulated separately following the accumulation and allocation policies of LSU. Allocations of departmental administration follow the same methodology utilized for other LSU colleges.

**End of Part I**

Item No.	Item Description
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**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.  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.  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 costs within each major institutional function or activity that are charged as direct personal services.)

1/ Describe on a Continuation Sheet

Item No.	Item Description
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2.5.0 Rev. 3	<p><u>Method of Charging Direct Salaries and Wages.</u> (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.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">Direct Personal Services Category</th> </tr> <tr> <th style="text-align: center;">Faculty (1)</th> <th style="text-align: center;">Staff (2)</th> <th style="text-align: center;">Students (3)</th> <th style="text-align: center;">Other (4)</th> </tr> </thead> <tbody> <tr> <td>A. Payroll Distribution Method (individual timecard/actual hours and rates)</td> <td></td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td>B. Plan-Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td>C. After-the-fact Activity Records (percentage Distribution of employee activity)</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</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) <u>1/</u></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Direct Personal Services Category				Faculty (1)	Staff (2)	Students (3)	Other (4)	A. Payroll Distribution Method (individual timecard/actual hours and rates)		X	X		B. Plan-Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	X	X	X		C. After-the-fact Activity Records (percentage Distribution of employee activity)	X	X	X		D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)					Y. Other(s) <u>1/</u>				
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2.5.1	<p><u>Salary and Wage Cost Distribution Systems</u> 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.)</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>																																		
2.5.2	<p><u>Salary and Wage Cost Accumulation System</u> (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.)</p>																																		
2.6.0	<p><u>Description of Direct Fringe Benefits Costs.</u> 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.)</p> <p><u>1/ Describe on a Continuation Sheet</u></p>																																		

Item No.	Item Description
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2.6.1	<p><u>Method of Charging Direct Fringe Benefits.</u> (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.)</p>																												
2.7.0	<p><u>Description of Other Direct Costs.</u> 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, sub grants, subcontracts, malpractice insurance, etc.)</p>																												
2.8.0	<p><u>Cost Transfers.</u> 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.)</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>																												
2.9.0	<p><u>Interorganizational Transfers.</u> 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.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Materials</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Supplies</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Services</u></th> </tr> <tr> <th></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;"><b>X</b></td> <td style="text-align: center;"><b>X</b></td> <td style="text-align: center;"><b>X</b></td> </tr> <tr> <td>B. At full cost <u>including</u> 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. Inter-organizational transfers are not applicable</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>1/ Describe on a Continuation Sheet.</p>		<u>Materials</u>	<u>Supplies</u>	<u>Services</u>		(1)	(2)	(3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	<b>X</b>	<b>X</b>	<b>X</b>	B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.				C. At established catalog or market price or prices based on adequate competition.				Y. Other (s) 1/				Z. Inter-organizational transfers are not applicable			
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B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.																													
C. At established catalog or market price or prices based on adequate competition.																													
Y. Other (s) 1/																													
Z. Inter-organizational transfers are not applicable																													

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**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 the costs can be specially identified with the agreement, an instructional activity, or any other institutional activity with relative ease and with a high degree of accuracy. These costs must meet the allowability criteria established in **Code of Federal Regulations, Part 200** and are not expressly disallowed in the award budget. When the expense is of benefit to multiple projects and can be directly apportioned with relative ease and with high degree of accuracy, the portion that is directly charged to a project is based upon the relative benefits received by that project.

Direct costs are treated as indirect costs when the costs are for general institutional purposes or support multiple projects/activities and the costs cannot be identified with relative ease and with a high degree of accuracy with those projects/activities.

The procedures used for identification of direct costs by function to benefiting projects and activities apply to sponsored, cost shared and institutionally supported projects and activities. Committed cost sharing (mandatory and voluntary) expenses are separately budgeted and accounted for in the accounting records and included in the appropriate direct cost bases by function. Reference: **LSU Finance and Administrative Services Operating Procedure (FASOP) AS-06**.

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 building and grounds; the depreciation 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 **Code of Federal Regulations, Part 200**. The allocation of costs is described in Part III.

Similar costs incurred in like circumstances are consistently treated as either direct or indirect.

Size, nature, and complexity of sponsored agreements, although not the final determining factors, are in the aggregate, important considerations in determining unlike circumstances. Due to the unique requirements of each sponsored agreement, an instructional activity, or any other institutional activity, the existence of unlike circumstances is evaluated on a case-by-case basis.

Indirect costs can be charged as direct costs on non-federal agreements.

Administrative and Clerical Salaries

Circumstances may arise where administrative and clerical salaries which are normally treated as indirect costs may be charged to sponsored agreements as direct costs **if they meet all of the following criteria per Code of Federal Regulations, Part 200:**

1. The **administrative or clerical services are integral to the project or activity.**
2. The **individuals involved** can be identified specifically with the project **or activity.**

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3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
4. The costs are not also recovered as indirect costs.

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

1. Large, complex programs, such as Program Projects or federally designated centers that require assembling and managing teams of investigators from a number of institutions.
2. Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as clinical trials.
3. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
4. Projects where the principal focus is the preparation and production of manuals and large reports, books, and monographs, excluding routine progress and technical reports.
5. 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 which warrant the direct charge of administrative and clerical costs occur when sponsored projects require extraordinary or specific support services.

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 must be both specifically identified with a project and necessary to perform the project. Specific examples include, but are not limited to:

1. Office supplies, including software, purchased for the sole direct benefit of the project are direct costs.
2. Postage - the cost of postage for routine correspondence is unallowable as a direct cost. Costs of shipment of research materials and deliverables under a project may be considered a direct cost if a direct benefit to the project. The costs of mailing and receiving surveys and questionnaires that are part of the project are allowable as direct costs.
3. Telephone Costs - the costs of installation and monthly usage of phone services, including cellular phone and direct data lines, are unallowable as direct costs unless dedicated phones are necessary to perform the project. Long distance calls specifically regarding project activities are appropriate direct cost items.
4. Maintenance is normally treated as an indirect cost or recovered through Service Center billing rates. Maintenance costs for equipment dedicated to the project through which the equipment was acquired are allowable as direct costs to that project.

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**2.2.0**  
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**Description of Direct Materials**

The University's accounting system identifies types of costs by **ledger account and spend category**. The principal classes of direct materials and supplies include costs such as:

- Consumable supplies and materials
- Software
- Food for human consumption
- Fuel
- Medical and dental supplies
- Hospital drugs
- Agricultural supplies and materials

**2.4.0**

**Description of Direct Personal Services**

Direct personal service costs include salaries and wages plus fringe benefits of faculty, administrative and professional staff, civil service staff, temporary employees, and student labor/graduate assistantships. Salaries and wages are charged directly to federally sponsored projects or similar cost objectives according to effort expended, as described in Sections 2.5.0 and 2.5.2. Fringe benefits are charged directly to sponsored projects using a fringe benefit rate(s) as described in Sections 2.6.0 and 2.6.1.

Administrative and clerical costs may only be direct charged to sponsored agreements if conditions outlined in 2.1.0 are met.

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**Method of Charging Direct Personal Services**

Payroll Distribution Method

Hourly staff and students are charged, or cost shared (Reference: FASOP AS-06) to sponsored programs under a payroll distribution method, using bi-weekly timecards and are paid on an actual hours worked basis.

Plan-Confirmation

Upon employment a Human Resource Management (HRM)/Payroll **costing allocation** is established for each **employee**, designating the amount of salary and **distribution to the** account(s) to be charged. An HRM/Payroll **costing allocation update** is prepared each time the employee's salary is adjusted, the **distribution is** changed, or **the** account(s) to be charged is changed.

After-the-fact Activity Records

Charges to sponsored programs are certified by an after-the-fact activity record, referred to as **Effort Certifications**, generated by the payroll accounting system based on payroll payments and accounts charged. The employee (or delegate) must update the accuracy of effort percentages and certify that the information captured on the effort certification is a direct reflection of the work performed and correctly charged in the accounting system.



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**Salary and Wage Cost Accumulation System**

Each employee has an HRM/Payroll **costing allocation** established upon employment that indicates their salary distribution data. **The costing allocation is updated** each time an employee is reassigned to reflect salary distribution data. See 2.5.0.

**2.6.0**  
**Rev. 3**

**Description of Direct Fringe Benefit Costs**

The following direct fringe benefits are used in the computation of the University's fringe benefit rate charged to sponsored projects:

Retirement Programs

Employees must participate in one of the following retirement programs:

- A. Teachers' Retirement System of Louisiana (TRSL) is an IRS Section 401(a) defined benefit plan for faculty and professional employees.
- B. Optional Retirement Plans (ORPs) are defined contribution plans available to faculty and professional employees.
- C. Louisiana State Employees' Retirement System (LASERS) is an IRS Section 401(a) defined benefit plan for classified State Civil Service employees.
- D. Louisiana Deferred Compensation Plan is an alternative defined contribution retirement plan for temporary employees. The Plan is an IRS Section 457 Plan.
- E. Other retirement programs are available to employees who transfer to the University and are enrolled in other retirement programs such as the Louisiana School Employee Retirement System.
- F. Temporary employees not eligible to participate in a retirement plan are subject to Social Security Tax.

Medical/Life Insurance Programs

- A. Health Insurance Plans include **plans maintained by** the State Office of Group Benefits. PPO, HMO, **and HDHP** plans, as well as the LSU System self-insured consumer driven plan. LSU contributes a portion of the total premium costs for participating employees and LSU retirees.
- B. Group Life insurance is available through the State Office of Group Benefits Program. LSU pays a portion of the life insurance premiums for participating employees and retirees.
- C. Medicare Contribution at the required percentage of the employee's gross salary is made by LSU in accordance with federal law for active employees hired after 4/1/1986 and for those employees hired before 4/1/1986 who choose to participate in Medicare.
- D. Supplemental Insurance Programs. LSU offers a number of supplemental insurance programs including disability, life, dental, vision, long-term care, **critical illness, accident, identity protection**, and accidental death & dismemberment. The entire cost of these supplemental insurance programs is paid by the employee and therefore is not charged to sponsored projects.

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	<p><u>Employee Development Programs</u></p> <p>LSU's Tuition Exemption Program permits employees to enroll in certain hours of LSU course work per semester and LSU exempts the tuition cost <b>under the traditional program</b> to the employee <b>or offers a partial tuition exemption for the non-traditional LSU Online program</b>. All full-time non-faculty employees are eligible to participate in the program after one year of employment. The value of the exemption is determined by the University's fee schedule in effect at the time of enrollment each semester.</p> <p><u>Sabbatical Leave Program</u></p> <p>The Sabbatical Leave Program provides for payment of faculty to take 1) full-paid leave for one academic semester or 6 months, or 2) half-paid leave for one full academic or fiscal year. Faculty must have at least 6 years of service to be eligible, and the retention of the sabbatical pay is contingent upon continued employment for one year after the sabbatical. The sabbatical is intended for faculty development (e.g., study and research). The sabbatical leave is valued at the rate of the regular base salary of the participating faculty member.</p> <p><u>Terminal Leave Program</u></p> <p>LSU's terminal leave program provides for the payment of up to 300 hours of accrued annual leave when the employee separates from LSU. Additionally, LSU will pay for up to 200 hours of accrued sick leave for a faculty member or professional employee who retires from LSU or dies in service. The terminal leave is valued at the hourly equivalent of the regular salary of the employee.</p> <p><u>Workers' Compensation Program</u></p> <p>LSU participates in <b>either</b> the State of Louisiana's Workers' Compensation Program administered by the State Office of Risk Management <b>or a state approved self-insurance program</b>. LSU remits a premium each year as determined by the state <b>or self-insurance program</b>. The rate is adjusted annually based on LSU's loss experience and cost factors.</p> <p><u>Unemployment Compensation Program</u></p> <p>LSU is required to participate in the state's unemployment compensation program. LSU pays unemployment claims when incurred.</p> <p><u>Over/Under Recovery</u></p> <p>Fringe benefits are adjusted for prior year actual amounts using the Fringe Benefit Calculation model provided by the Department of Health and Human Services in Dallas.</p>
<p><b>2.6.1</b></p>	<p><b>Method of Charging Direct Fringe Benefits</b></p> <p>The fringe benefits listed in 2.6.0 are charged using prior year composite rate(s) for all employees except contingent labor and students. Over/under recoveries from actual costs are adjusted in current or future periods. Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are charged to sponsored agreements as part of the normal cost for salaries and wages. Separate charges for the costs of these paid absences are not made.</p> <p>Contingent employees and some part time employees do not earn vacation, holiday, or sick leave; therefore, only Social Security and Medicare Tax benefits are included in the contingent employee fringe benefit rate.</p>

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**2.7.0**

**Description of Other Direct Costs**

The principal classes of other other direct costs which are charged directly to Federally sponsored agreements or similar cost objectives include: travel, operating services (includes costs such as advertising, printing, postage, long distance telephone charges, lab fees, and animal care), professional services (includes such costs as subawards, consultants, participant stipends), other (includes fellowships and tuition and fees), and equipment.

**End of Part II**

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**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.

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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.")

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

1/ Describe on a Continuation Sheet

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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 **2CFR200.468**. (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.)

	(1)	(2)	(3)	(4)	(5)	(6)
(a) Scientific Computer Operations	<u>Z</u>					
(b) Business Data Processing	<u>Z</u>					
(c) Animal Care Facilities	<u>C</u>	<u>B</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>B</u>
(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)						

PBRC Clinical Super Core C B C B A B

- (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.
- (6) 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).

1/ Describe on a Continuation Sheet

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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.)

<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>
A. Instruction	
<input checked="" type="checkbox"/> On-Campus	<u>  D  </u>
_____ Off-Campus	_____
_____ Other <u>1/</u>	_____
B. Organized Research	
<input checked="" type="checkbox"/> On-Campus	<u>  D  </u>
<input checked="" type="checkbox"/> Off-Campus	<u>  D  </u>
_____ Other <u>1/</u>	_____
C. Other Sponsored Activities	
<input checked="" type="checkbox"/> On-Campus	<u>  D  </u>
_____ Off-Campus	_____
_____ Other <u>1/</u>	_____
D. Other Institutional Activities	_____

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.)

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 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.)

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.  Yes  
B. \_\_\_\_\_ No 1/

1/ Describe on a Continuation Sheet

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**3.1.0**  
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**Indirect Cost Categories-Cost Accumulation and Allocation**

(a) Depreciation/Use Allowance/Interest

Capital Improvements to Land

The cost of capital improvements to land and the associated depreciation is accumulated in the University's formal accounting system. Depreciation is allocated to user categories of students and employees on an FTE basis. The costs allocated to the student category are assigned to the instruction function of the institution; the employee portion is allocated to the major functions in proportion to applicable employee salaries and wages.

Interest

Interest expense paid by the university is accumulated in the University's formal accounting system. Interest expense paid by the State of Louisiana on behalf of LSU is not recorded in the university's formal accounting system but is included in the calculation of the F&A rate. Only interest expense in compliance with **Code of Federal Regulations, Part 200** is included in the University's Facilities and Administrative rate.

(c) General Administration and General Expenses

The State of Louisiana's Division of Administration prepares a Statewide Cost Allocation plan annually that is reviewed and approved by the federal Department of Health and Human Services (Dallas). These costs are not included in the University's financial accounting system records but are included in the University's indirect costs as an adjusting entry.

All other General Administration and General Expenses are recorded in the University's formal accounting system.

(d) Departmental Administration

Departmental administration costs are a combination of identified, recorded, and accumulated expenditures documented in formal records; these costs are adjusted for direct non-sponsored activity using the direct charge equivalent methodology (DCE).

(f) Library

Library costs are allocated to user categories of students and employees on an FTE basis. The costs allocated to the student category are assigned to the instruction function of the institution; the employee portion is allocated to the major functions in proportion to applicable employee salaries and wages; and the costs associated with "outside or other users" are allocated to other institutional activities.

(g) Student Administration and Services

These costs are allocated 100% to the Instruction function.



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**3.2.0**  
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**Service Centers**

- (c)(4) B - Animal Care Facilities are treated as a service center and are classified as a specialized service facility (Other Institutional Activity). Animal Care Facilities rates are the same for all on-campus users. A service fee is added for external users.
- (d)(4) B – **PBRC Clinical Super Core** rates are the same for all on-campus users, but external users **may be** charged a higher rate.

Service Centers are required to operate under the University's policy, PS-103 - Service Centers and Recharge Operations, which is accessible to all departmental administrators or center managers on the Budget and Planning web page.

**3.4.0**  
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**Composition of Indirect Cost Pools**

- (a) Depreciation/Use Allowance/Interest [3.1.0(a)]

Building

Depreciation is calculated on all buildings owned by the University and included on its inventory. Federal funds and any sponsored project funded portions of building values are excluded.

Equipment

Depreciation is calculated on all equipment owned by the University and included on its movable equipment inventory by State Property Control regulations. Federally, sponsored funded and cost share purchased equipment is identified as such and excluded.

Capital Improvements to Land

Depreciation is calculated on all capital improvements to land owned by the University and included on its inventory. Federal funds and any sponsored project funded improvements are excluded.

Interest

This cost pool is comprised of interest paid to external parties associated with the capitalized value of buildings and capital improvements included on the University's inventory.

- (b) Operation and Maintenance [3.1.0(b)]

Operation and maintenance (O&M) costs include costs that have been incurred for the administration, supervision, operation, maintenance, and protection of the University's physical plant. They include expenses such as custodial and utilities services; repairs and ordinary alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; disaster preparedness; environmental safety; hazardous waste disposal; insurance relating to property; space and capital leasing; facility planning and management; and central receiving. The O&M category also includes its allocable share of building and equipment depreciation and interest.

These costs are further segregated into the subcategories listed below to more accurately allocate expenditures to the benefiting functions:

Utilities include those costs for gas, electricity, sewage, and water. These costs are allocated based on each building's functional square footage use.

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Custodial expenditures are separated into two categories: 1) contracted and 2) non-contracted. Contracted custodial services are allocated only to those buildings included in the contract. The non-contracted amount is allocated to buildings not directly charged for custodial costs, and then allocated to cost pools based on the functional use of the buildings.

General Fund O&M includes those costs such as energy management and non-capitalized building maintenance that are attributable to general fund buildings. General fund buildings are academic or administrative buildings that are not directly charged for physical plant services. Costs from this pool are first allocated to buildings based on assignable square footage for each building, and then allocated to cost pools based on the functional use of the buildings.

Departmental Paid O&M includes operations and maintenance cost such as non-capitalized building renovations or repairs. The primary departmental paid O&M units are auxiliaries, such as residential housing and athletics.

Hazardous Waste Disposal costs are allocated to the departments responsible for the waste, and then are allocated to cost pools based on the functional use of space in those departments.

Campus Wide O&M includes costs, such as campus police and public safety that cannot be identified to specific buildings. Costs from this pool are first allocated to buildings based on assignable square footage for each building, and then allocated to cost pools based on the functional use of the buildings.

(c) General Administration and General Expenses [3.1.0(c)]

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. Examples include **the President's Office**, Accounting Services, Budget & Planning, Human Resource Management, **Procurement**, Property Management, and **Information Technology** Services. Also included are costs for state central services that are allocated to the University using the appropriate federal guidelines. This category includes its allocable share from the previous cost pools; building and equipment depreciation, interest, and operations & maintenance. Effective July 1, 2007, we will credit this pool for services provided to **other system segments**.

(d) Departmental Administration [3.1.0(d)]

The expenses in this category include the deans' office expenses, departmental administrative expenses such as clerical salaries and office supplies, and the 3.6% allowance for faculty administration. The majority of these costs are determined via the Direct Charge Equivalent (DCE) methodology. (Refer to Section 3.5.0 for explanation of DCE.) This cost pool also receives its allocable share of building and equipment depreciation, interest, operation & maintenance, and general administration.

(e) Sponsored Projects Administration [3.1.0(e)]

The expenses in this category include offices such as the Office of Sponsored Programs and Sponsored Program Accounting. These costs are incurred by departments primarily established to administer sponsored programs. This cost pool receives its allocable share of building and equipment depreciation, interest, operation & maintenance, and general administration.

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(f) Library [3.1.0(f)]

The expenses in this category are for the operation of the library, including salaries, wages, benefits and the cost of books and materials purchased for the library. This cost pool also receives its allocable share of building and equipment depreciation, interest, operation & maintenance, and general administration.

(g) Student Administration and Services [3.1.0(g)]

These are costs which have been incurred for the administration of student services, including expenses of such offices and activities as dean of students, admissions, registrar, counseling and placement services, student aid & scholarships, and commencements and convocations. This cost pool also receives its allocable share of building and equipment depreciation, interest, operation & maintenance, and general administration.

(h) Service Centers [3.2.0]

The major costs used to calculate service center rates include operating expenses such as salaries, fringe benefits, materials, supplies and other costs necessary for the service center to provide its designated service or material.

**3.5.0**  
**Rev. 3**

**Composition of Allocation Bases**

(a) Depreciation/Use Allowance/Interest [3.1.0(a)]

Building (L – Square Footage)

Building depreciation is allocated to the respective buildings and then allocated to the functional use of the space for each building. Non-assignable areas such as restrooms, hallways and mechanical rooms are excluded. Joint use space is allocated to the benefiting functions based on the salary and wage profile of the departments.

Cost pool groups benefiting from these allocations include Operations and Maintenance, General Administration, Departmental Administration, Sponsored Program Administration, Student Services Administration, Libraries, Instruction and Departmental Research, Organized Research, Other Sponsored Activity, and Other Institutional Activity.

Equipment (L – Square Footage)

Equipment depreciation is accumulated at the departmental level and allocated based on the specific salaries and wages of that department.

Cost pool groups benefiting from these allocations include Operations and Maintenance, General Administration, Departmental Administration, Sponsored Program Administration, Student Services Administration, Libraries, Instruction and Departmental Research, Organized Research, Other Sponsored Activity, and Other Institutional Activity.

Capital Improvements to Land (P – more than one base)

Depreciation charges are allocated to user categories of students and employees on a full time equivalent (FTE) basis. The costs allocated to the student category are assigned to the Instruction function, while the employee portion is allocated to major functions in proportion to applicable employee salaries and wages.

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Interest (L – Square Footage)

Allowable interest is allocated to the respective building to which the debt was incurred and then allocated in the same manner as depreciation on the buildings.

(b) Operation and Maintenance [3.1.0(b)] (L – Square Footage)

Utilities/General operation and maintenance costs include utilities, maintenance, custodial services, and repairs that are attributable to academic or administrative buildings that are not directly charged for physical plant services. Costs from this cost pool are first identified to buildings based on assignable square footage for each building and then allocated to cost pools based on the functional use of space for the buildings.

Cost pools benefiting from this allocation include General Administration, Departmental Administration, Sponsored Program Administration, Student Services Administration, Libraries, Instruction and Departmental Research, Organized Research, Other Sponsored Activity, and Other Institutional Activity.

Campus Wide operation and maintenance costs include campus police and public safety which cannot be identified to specific buildings. These costs are allocated to all buildings based upon the assignable square footage of each building and then allocated to cost pools based on the functional use of the buildings.

Cost pools benefiting from this allocation include General Administration, Departmental Administration, Sponsored Project Administration, Student Services Administration, Libraries, Instruction and Departmental Research, Organized Research, Other Sponsored Activity, and Other Institutional Activities.

Auxiliary/Departmental Paid operation and maintenance costs include costs directly attributable to a specific department. The costs are allocated to benefiting departmental buildings based on assignable square footage and then allocated to cost pools based on the functional use of space.

Most of these costs are borne by auxiliary departments like Residential Life and Athletics and are allocated to their function, Other Institutional Activity. The remainder of the departmental paid O&M costs is allocated to cost pools as determined by the department's functional use of space.

(c) General Administration and General Expenses [3.1.0(c)] (C – Modified Total Cost Basis)

General administration costs (**President's** office, Office of Accounting Services, Budget and Planning, Human Resource Management, and **Procurement**) are allocated to subsequent direct and indirect cost objectives based on Modified Total Costs (MTC) for each cost pool. Modified total costs consist of salaries, wages, fringe benefits, materials, supplies, services, travel, and sub-grants and subcontracts up to the first \$25,000. Equipment, capital expenditures, tuition remission, rental costs, scholarships, fellowships, and the portion of sub-grants and subcontracts in excess of \$25,000 have been excluded. Unallowable costs as defined in **Code of Federal Regulations, Part 200** have been reclassified.

Cost pools benefiting from this allocation include Departmental Administration, Sponsored Project Administration, Student Services Administration, Libraries, Instruction and Departmental Research, Organized Research, Other Sponsored Activity, the LSU Agricultural Center, and Other Institutional Activities. The Pennington Biomedical Research Center **is** treated like **an** individual college as part of the LSU indirect cost calculation and rate agreement.

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Item Description

(d) Departmental Administration [3.1.0(d)] (D – Modified Total Direct Cost Basis)

In compliance with **Code of Federal Regulations, Part 200**, the expenses of Deans' offices are allowable as 100% Departmental Administration (DA). The portion of costs incurred by academic departments which are allowable as departmental administration is calculated 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. Administrative salaries and wages
2. General Support salaries and wages
3. Faculty and Professional salaries and wages
4. A prorated share of employee benefits
5. Other general expenses

Administrative (ADM) and general support (GNS) salaries and wages are classified after an analysis of the University's payroll system and job title codes.

Faculty and professional (F&P) salaries and wages are determined by first taking the modified total direct costs (MTDC), less the ADM & GNS salaries and wages as identified as 100% departmental administration (DA), and then multiplying by the 3.6% Faculty Administrative Allowance (FAA). The salary and wage portion of F&P is then calculated by dividing the FAA by one plus the academic employee benefit rate. The residual amount of F&P salaries and wages is then transferred from the non-sponsored account to the DA cost pool.

The Direct Charge Equivalent (DCE) ratio is defined as GNS salaries and wages charged to sponsored accounts divided by F&P salaries and wages charged to sponsored accounts. The DCE ratio is computed on a department-by-department basis. The ratio is then compared to the actual GNS salaries and wages, and the actual F&P salaries and wages (less the salary and wage portion of the 3.6% FAA) charged to each department's general operating (i.e., non-sponsored) accounts.

When the DCE ratio is less than the ratio calculated for the non-sponsored accounts, an excess or residual GNS salaries and wages exists with the non-sponsored account. This excess is treated as DA and is allocable back to the direct functions (i.e., Instruction and Departmental Research, Organized Research, etc.). When the DCE ratio is greater than the ratio calculated for the non-sponsored accounts, no residual exists and therefore no GNS salaries and wages are reclassified as DA.

The important assumption underlying this methodology is that GNS salaries and wages which support F&P salaries and wages from the non-sponsored accounts should be in the same proportion as the GNS salaries and wages which support the F&P salaries and wages for sponsored accounts.

A prorated share of employee benefits is determined by multiplying the benefit rate for the department by the ADM & GNS salaries and wages reclassified as DA. These amounts are then discounted by the 3.6% FAA before they are transferred to the DA cost pool.

Other general expenses are determined by calculating the ratio of other general expenses charged to sponsored agreements as compared to salaries and wages charged to sponsored agreements. This ratio is then compared to the ratio of actual other general expenses over actual F&P salaries and wages (less the 3.6% FAA) which have been charged to each department's operating account.

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When the DCE ratio for other general expenses is less than the ratio calculated for the operating account, an excess or residual of other general expense exists within the general operating account. This excess is treated as pure DA 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.

Departmental Administration expenses are allocated to the direct activities (Instruction and Departmental Research, Organized Research, Other Sponsored Activity, and Other Institutional Activity) based on MTDC.

(e) Sponsored Projects Administration [3.1.0(e)] (D – Modified Total Direct Cost Basis)

Sponsored projects administration includes costs associated with administering externally funded sponsored programs and projects. These costs are allocated on the basis of MTDC of sponsored activity per cost pool. Cost pool groups benefiting from this allocation include, when applicable, Student Services Administration, Libraries, Instruction and Departmental Research, Organized Research, Other Sponsored Activity, and Other Institutional Activity.

(f) Library [3.1.0(f)] (P – More than one base)

Library expenses include costs associated with the operation of the library (salaries and wages, benefits, and the cost of books and materials) less an income that qualifies as applicable credits. In compliance with **Code of Federal Regulations, Part 200** default methodology, the costs are first identified to faculty and students based on a full time equivalent (FTE) basis. Costs identified to faculty are allocated to Instruction and Departmental Research, Organized Research or Other Sponsored Activity cost pools based on salaries and wages for each cost pool. Those costs identified to students are allocated only to the Instruction function while those associated to “outside or other users” are allocated to Other Institutional Activities.

(g) Student Administration and Services [3.1.0(g)] (Y – Other)

The Student Services Administration cost pool with applicable allocations from other indirect cost pools is allocated 100% to the Instruction and Departmental Research cost pool.

(h) Indirect Cost Pools and Allocation Bases [3.3.0]

- Instruction – On Campus – (D – Modified Total Direct Cost)
- Organized Research – On Campus - (D – Modified Total Direct Cost)
- Organized Research – Off Campus - (D – Modified Total Direct Cost)
- Other Sponsored Activities – On Campus - (D – Modified Total Direct Cost)

**End of Part III**

Item No.

Item Description

4.1.0

**Part IV**

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.)

<u>Asset Category</u>	<u>Depreciation Method</u> (1)	<u>Useful Life</u> (2)	<u>Property Unit</u> (3)	<u>Residual Value</u> (4)
(a) Land Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(b) Buildings	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(c) Building Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(d) Leasehold Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(e) Equipment	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(f) Furniture and Fixtures	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(g) Automobiles and Trucks	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(h) Tools	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(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.)	<u>Z</u>			

Column (1) - Depreciation Method Code

- A. Straight Line
- B. Expensed at Acquisition
- C. Use Allowance
- Y. Other or more than one method 1/

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 **CFR Part 200**
- Y. Other or more than one method 1/

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 1/

Column (4) - Residual Value Code

- A. Residual value is deducted
- B. Residual value is not deducted
- Y. Other or more than one method 1/

1/ Describe on a Continuation Sheet

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4.1.1	<p><u>Asset Valuations and Useful Lives.</u> 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>A. <input checked="" type="checkbox"/> Yes B. <input type="checkbox"/> No <u>1/</u></p>
4.2.0	<p><u>Fully Depreciated Assets.</u> 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>A. <input type="checkbox"/> Yes B. <input checked="" type="checkbox"/> No</p>
4.3.0	<p><u>Treatment of Gains and Losses on Disposition of Depreciable Property.</u> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input checked="" type="checkbox"/> Excluded from determination of sponsored agreement costs B. <input checked="" type="checkbox"/> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged C. <input type="checkbox"/> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved D. <input type="checkbox"/> Not accounted for separately, but reserve account reflected in the depreciation Y. <input type="checkbox"/> Other (s) <u>1/</u> Z. <input type="checkbox"/> Not applicable</p>
4.4.0	<p><u>Criteria for Capitalization.</u> (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.)</p> <p>A. Minimum Dollar Amount <u>\$5,000</u> B. Minimum Life Years <u>&gt; 1 year</u></p>
4.5.0	<p><u>Group or Mass Purchase.</u> 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>A. <input type="checkbox"/> Yes <u>1/</u> B. <input checked="" type="checkbox"/> No</p> <p><u>1/ Describe on a Continuation Sheet.</u></p>



Item No.

Item Description

**4.3.0**

**Treatment of Gains and Losses on Disposition of Depreciable Property**

Gains and losses are excluded from determination of sponsored agreement costs; however, for non-sponsored funded depreciable property, the gains and losses from disposition can be credited or charged to the same pools to which the depreciation of the assets was originally charged.

**4.4.0**

**Criteria for Capitalization**

Equipment items \$5,000 or more with a life expectancy greater than one year are capitalized.

Building renovations or land improvements \$100,000 or more are capitalized if the project adds value to the building or land, and the investment increases the life expectancy of the asset.

All new building construction projects \$100,000 or more are capitalized.

**End of Part IV**

Item No.

Item Description

**Part V**

5.1.0 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.  Cash  
B.  Accrual 1/

5.2.0 Applicable Credits. This item is directed at the treatment of "applicable credits" as defined in **2CFR200.406** 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.  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 1/  
Y.  Other 1/

**End of Part V**

Item No.

Item Description

**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

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.)

Type of Plan	Number of Plans
A. <input checked="" type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)	<u>2</u>
B. <input type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	_____
C. <input type="checkbox"/> Institution has its own Defined-Contribution Plan(s) <sup>1/</sup>	_____

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) (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

<sup>1/</sup> Describe on a Continuation Sheet

Item No.	Item Description
6.2.1	<p><u>Determination of Annual PRB Costs.</u> (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.)</p>
6.3.0	<p><u>Self-Insurance Programs (Employee Group Insurance).</u> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>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. <input checked="" type="checkbox"/> Other or more than one method <u>1/</u>            Z. _____ Not Applicable</p>
6.4.0	<p><u>Self-Insurance Programs.</u> (Worker's Compensation, Liability and Casualty Insurance.)</p>
6.4.1	<p><u>Worker's Compensation and Liability.</u> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>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. <input checked="" type="checkbox"/> Other or more than one method <u>1/</u>            Z. _____ Not Applicable</p>
6.4.2	<p><u>Casualty Insurance.</u> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>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 indestructible            D. _____ Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)            Y. <input checked="" type="checkbox"/> Other or more than one method <u>1/</u>            Z. _____ Not applicable</p>
	<p><u>1/ Describe on a Continuation Sheet</u></p>

Item No.	Item Description
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<p><b>6.1.0</b></p>	<p><b>Pension Plans</b></p> <p>See Section 2.6.0 for description of retirement programs included in the University’s Benefit Rate.</p>
<p><b>6.2.0</b></p>	<p><b>Post Retirement Benefits</b></p> <p>Post retirement health care and life insurance benefits are available to retirees through the State’s Group Insurance program. Since PRBs are paid by the University as a premium to State Group Insurance, these costs are included in the University’s benefit rate.</p>
<p><b>6.2.1</b></p>	<p><b>Determination of Annual PRB Costs</b></p> <p>Post Retirement Benefits are accounted for on a cash basis.</p>
<p><b>6.3.0</b> <b>Rev. 3</b></p>	<p><b>Self-Insurance Programs (Employee Group Insurance)</b></p> <p>The University participates in the State’s Group Insurance program and premiums are paid monthly on a cash basis. In addition, the University offers a self-insured consumer driven health plan in which employees and retirees have the option to participate. Costs are included in the University’s benefit rate.</p>
<p><b>6.4.0</b> <b>Rev. 3</b></p>	<p><b>Self-Insurance Programs (Worker’s Compensation, Liability, and Casualty Insurance)</b></p> <p>The University has a hybrid insurance program for Worker’s Compensation, Medical Malpractice Liability, General and Automotive Liability, Cybersecurity and Property Insurance made up of self-insurance, commercial insurance, and insurance provided through the State’s Office of Risk Management (ORM). LSU A&amp;M is autonomous from ORM with the exception of medical malpractice liability insurance. LSU A&amp;M obtains a variety of higher education specific insurances in the commercial marketplace, many with large, self-insured retentions. All other LSU segments are insured primarily through ORM with the exception of travel and accident insurance. The University pays yearly premiums for these services.</p>
<p><b>6.4.1</b></p>	<p><b>Worker’s Compensation and Liability</b></p> <p>Worker’s Compensation is included in the University’s fringe benefit rate; medical malpractice and general and automotive liability insurance are included in the general operation and maintenance cost pool in the F&amp;A rate.</p>
<p><b>6.4.2</b></p>	<p><b>Casualty Insurance</b></p> <p>Property insurance is included in the general operation and maintenance cost pool of the F&amp;A rate. Unemployment claims are paid when they are incurred (no provision for reserves). These costs are included in the University’s fringe benefit rate.</p>

**End of Part VI**

Item No.

Item Description

**Instructions for Part VII**

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 benefiting 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.

Item No.

Item Description

**7.1.0**  
**Rev. 3**

**Organizational Structure**

Louisiana State University includes the following segments:  
LSU Agricultural and Mechanical College  
Pennington Biomedical Research Center  
LSU Agricultural Center  
LSU Shreveport  
LSU Eunice  
LSU Alexandria  
LSU Health Sciences Center – New Orleans  
LSU Health Sciences Center – Shreveport  
LSU Health Care Services Division

**7.2.0**

**Cost Accumulation and Allocation**

A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.

**LSU** functions of allocating resources, implementing policy, and working within the structure of governance make it possible for the constituent **segments** to provide quality instruction, to support faculty research programs, and to serve the community and the state. Our mission is to redefine and improve the core functions that are normally associated with central administration including:

- Strategic planning and consensus building among all levels of higher education.
- Appointing, evaluating, and developing **segment** level chief operating officers.
- Fostering collaboration **within LSU**.
- Serving as an advocate about the needs of higher education.
- Providing a liaison between state government and **LSU**.
- Making recommendations on the allocation of capital and operating resources.
- Auditing and assessing the use of funds and the cost-effective performance of **LSU**.

B. How the costs of the services are identified and accumulated.

Allocated Costs from the **centralized LSU administrative offices** are recorded in the Financial Reports of all **segments** that it governs. These costs include but are not limited to:

- President's Office
- Finance and Administration
- Internal Audit

C. The basis used to allocate the accumulated costs to the benefiting segments. The allowable costs of the LSU System are allocated to all institutions based on Modified Total Direct Cost.

D. Any costs that are transferred from a segment to the central system office. NONE

E. Any fixed management fees that are charged to a segment(s). NONE

**End of Part VII**