

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		COVER SHEET AND CERTIFICATION
		University of Hawaii
Item No.	Item Description	
0.1	Educational Institution (a) Name University of Hawaii (b) Street Address 2444 Dole Street, Bachman Hall (c) City, State, and ZIP Code Honolulu, Hawaii 96822 (d) Division or Campus of (if applicable) N/A	
0.2	Reporting unit is: (Mark one) A. <input checked="" type="checkbox"/> Independently Administered Public Institution B. <input type="checkbox"/> Independently Administered Nonprofit Institution C. <input type="checkbox"/> Administered as Part of a Public System D. <input type="checkbox"/> Administered as Part of a Nonprofit System E. <input type="checkbox"/> Other (Specify) _____	
0.3	Official to Contact Concerning this Statement: (a) Name Marvin S. Enokawa Title Director, Office of Research Services (b) Phone Number (808) 956-7800	
0.4	Statement Type and Effective Date: A. (Mark type of submission. If a revision, enter number) (a) <input checked="" type="checkbox"/> Original Statement (b) <input type="checkbox"/> Amended Statement; Revision No. _____ B. Effective Date of this Statement: (Specify) <u>September 29, 1995</u>	
0.5	Statement Submitted To (Provide office name, location and telephone number, include area code and extension): A. Cognizant Federal Agency: Department of Health & Human Services B. Cognizant Federal Auditor: Department of Health & Human Services Office of the Inspector General Office of Audit Services 50 United Nations Plaza, Room 171 San Francisco, CA 94102 (415) 437-8360	

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

COVER SHEET AND CERTIFICATION

University of Hawaii

Item
No.

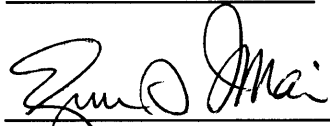
Item Description

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:

NOV 30 1994



(Signature)

Eugene S. Imai
Senior Vice President for Administration

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

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART I - GENERAL INFORMATION
	University of Hawaii

Item No.	Item Description
	Part I
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 appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input checked="" type="checkbox"/> Accrual</p> <p>B. <input type="checkbox"/> Modified Accrual Basis ¹</p> <p>C. <input checked="" type="checkbox"/> Cash Basis</p> <p>Y. <input type="checkbox"/> Other ¹</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. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p> <p>B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p> <p>C. <input checked="" type="checkbox"/> 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. <input type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records. ¹</p> <p>B. <input type="checkbox"/> Identified in separately maintained accounting records or workpapers. ¹</p> <p>C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification. ¹</p> <p>D. <input checked="" type="checkbox"/> Combination of A, B or C ¹</p> <p>E. <input type="checkbox"/> Determinable by other means. ¹</p> <p> ¹ Describe on a Continuation Sheet.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART I - GENERAL INFORMATION
	University of Hawaii

Item No.	Item Description
1.3.1	Treatment of Unallowable Costs. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)
1.4.0	<u>Cost Accounting Period:</u> <u>July 1- June 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.)
1.5.0	<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.
	¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.1.0 Description of Your Cost Accounting System

The University of Hawaii (UH) maintains its books and records on the cash basis and adjusts its trial balance at fiscal year end to present its financial statements on the accrual basis for financial reporting purposes.

UH uses the cash basis of accounting to report direct costs of sponsored agreements for grant and contract billing and reporting purposes. Related F&A costs are also computed on the cash basis.

However, sponsored agreements are assessed a fringe benefit rate to cover vacation earned but not taken for employees that are eligible to accumulate vacation credits while working on a sponsored agreement. This practice is described under Part 5.1.0.

UH uses the accrual basis of accounting for F&A cost study purposes.

Research Corporation of the University of Hawaii

The Research Corporation of the University of Hawaii (RCUH) was established as a separate legal entity in 1965 to support the University's research efforts. RCUH conducts its own sponsored agreements called "direct projects," but the bulk of its business is with the University. RCUH has its own accounting system to account for University projects and its own direct projects. RCUH uses the accrual basis for financial statement reporting purposes and the cash basis for grant and contract billing purposes.

For F&A cost study purposes, RCUH submits to UH a schedule of its administrative expenses on the accrual basis for inclusion in the general administration pool. These expenses are allocable to University projects serviced by RCUH, University revolving funds and specialized service facilities administered by RCUH and RCUH direct projects. In addition, RCUH submits a schedule of modified total direct costs (MTDC) for UH revolving funds and specialized service facilities and RCUH direct projects for use in the F&A cost study.

UH computes the RCUH direct projects F&A cost rate as part of its F&A cost study. The rate includes the allocable portion of UH facilities and equipment used by RCUH as well as the allocable portion of RCUH administrative expenses.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.2.0 Integration of Cost Accounting with Financial Accounting

UH maintains its books and records in accordance with the rules adopted by the Board of Regents of the University of Hawaii (BOR) for financial reporting purposes. These rules conform to the generally accepted accounting principles (GAAP) applicable to colleges and universities as well as State of Hawaii (State) accounting and reporting requirements.

FMIS

UH records transactions in its automated Financial Management Information System (FMIS). A module called the Contracts and Grants Subsystem (CGS) maintains attributes and performs functions specific to contracts and grants.

Accounts within the following designated ranges require CGS processing (*x denotes fiscal year; ex. FY 1997, x=7*):

Account Range	Account Type
4-33200 to 4-39999	Non-Federal Sponsored Projects
5-4000x to 5-4099x	Federal College Work Study
5-2000x to 5-2499x	Federal Vocational Education
6-51000 to 6-59999	Federal Sponsored Projects

Most of the transactions related to contracts and grants are posted through FMIS. CGS processing adds the following functions:

1. Posting of Budgets

Budgets can be entered at the detail level specified by the sponsor and restrictions (“edits”) can be placed at either the line item or total budget levels or both.

2. Monitoring of Account Status

Edits are used to validate transactions in FMIS to ensure that costs do not exceed restrictions placed by sponsors. Invalid transactions are rejected or placed in suspense and error messages are generated to alert the user to take the necessary corrective action.

To avoid billing sponsors for expenditures recorded after award termination CGS inactivates accounts that have passed their award end date.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.2.0 Integration of Cost Accounting with Financial Accounting (Continued)

FMIS (Continued)

3. Generation of Billings and Reports

CGS can roll-up expenditures, calculate related F&A costs and report them at the detail level specified by the sponsor for billing and reporting purposes.

Cost Sharing Memorandum System

UH records cost sharing information in a separate database.

Records are created via the Cost Sharing Record Form, which establishes the amount, source and period of cost sharing. Thereafter, costs are automatically accumulated in the database. If adjustments are required, another Cost Sharing Record Form must be submitted to correct the data.

The primary key, or record ID, is the FMIS account. This enables the Cost Sharing Account Summary to be associated with the applicable sponsored agreement for billing and reporting purposes.

Because it is a memorandum system, UH requires principal investigators and their fiscal officers to monitor and certify the cost sharing information.

The policies and procedures for cost sharing are explained under UH Administrative Procedures Manual (APM) Section A8.947 - Accounting for Cost Sharing.

F&A Cost Study

UH reclassifies expenditures for F&A cost study purposes because assignment of costs for financial reporting purposes do not always match the assignment of costs prescribed in OMB Circular A-21. Expenditure reclassifications are listed and described on the Cost Reclassification and Cost Adjustment Reports included in the University's F&A cost proposal.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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1.3.0 Unallowable Costs

Object of Expense Codes

UH uses the following object of expense codes to record unallowable costs:

- 3501 Dues, Civic/Commercial/Social
- 4001 Advertising, Public Relations
- 6202 Interest, Fines & Penalties
- 6800 Judgements & Claims
- 7174 Services, Non-State Employee, Lobbying
- 7201 Bad Debt

Separate Accounts (x denotes fiscal year; ex. FY 1997, x=7)

UH uses the following accounts to record unallowable activities:

Account	Title	Activity
13458x	Alumni Office	Alumni Activities
32237x	Alumni Revolving Fund	Alumni Activities
11560x	Phonathon for Annual Giving	Fundraising
38938x	Project Development – Cassidy & Associates	Lobbying
13457x	Media Relations	Public Relations
13415x	University Relations	Public Relations

UH uses the following accounts to record unallowable costs:

Account	Title	Type of Cost
13488x	President's Discretionary	UH voluntarily excludes entire account.
13501x	BOR Discretionary	
14723x	Chancellor's Discretionary	
Various	College Hill	President's living expenses

Separate Workpapers

UH prepares the following workpapers to record unallowable costs:

1. An analysis of personal use of State motor vehicles.
2. A voluntary scrub of the President and Board of Regents office's operating accounts except for salaries and related fringe benefits.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.3.0 Unallowable Costs (Continued)

Disallowances

UH departments are responsible for eliminating cost disallowances resulting from audits by charging them to institutional funds appropriated to the department for its general instruction, research support or other institutional activities. The account used is identified to the Office of Research Services for F&A cost study purposes.

RCUH

RCUH accumulates unallowable costs in general ledger account 9000 Unrecovered Project Costs.

1.3.1 Treatment of Unallowable Costs

For F&A cost study purposes, UH treats unallowable costs in the following manner:

1. Costs identified through the use of object of expense codes and the personal use of State vehicles workpaper are excluded from F&A cost pools and allocation bases.
2. Unallowable activities recorded under separate accounts and cost disallowances are included in the Other Institutional Activities function.
3. Discretionary funds, College Hill expenses and costs scrubbed from the President and BOR office accounts are excluded from F&A cost pools.

Exception

UH has received permission from its cognizant agency to claim interest expense on debt used to acquire Donald Sherman Laboratory. For F&A cost study purposes, UH creates a Sherman Lab interest expense cost pool and allocates the costs to benefiting functions on the basis of square footage.

RCUH

RCUH excludes unallowable costs from its schedules of administrative expenses and MTDC described under part 1.2.0.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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1.4.0 Cost Accounting Period

The cost accounting period is fiscal year July 1 to June 30. However, the UH School of Ocean & Earth Science & Technology (SOEST) uses a calendar year to compute recharge rates for its Ship Operations Facilities. UH was granted an exception because the National Science Foundation (NSF), the primary user and supporter of research vessels and technical support services, develops a multi-institutional, multi-funding agency, nationally recognized schedule of ship usage, with a ship year which corresponds to a calendar year. NSF bases its funding instruments on the ship year; thus, the fiscal year for Ship Operations is the calendar year.

1.5.0 State Laws or Regulations

UH is affected by the following Hawaii Revised Statutes (HRS) that directly impact its cost accounting principles:

Accounting System (HRS Section 40-2)

UH is required to install an accounting system that is in conformity with generally accepted accounting principles as applied to colleges and universities. However, the State comptroller can make changes and modifications to the accounting system if it appears to be in the best interests of the State. As discussed in Part 1.2.0, UH has adopted an accounting that meets these requirements and has included separate accounts and object of expense codes for grant and contract cost accounting purposes.

Compensation (HRS Sections 89-1, 89C-4(b))

UH must recognize collective bargaining unit contracts negotiated with the employees' organized labor unions. Compensation plans for employees not covered under collective bargaining, such as UH's chief executive officers, must be approved by the Board of Regents and the Governor. These agreements determine the wages, hours and other conditions of employment for UH employees and directly impact the salaries and fringe benefits that are charged to UH's sponsored and nonsponsored activities.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.5.0 State Laws or Regulations (Continued)

Purchasing (HRS Chapters 102, 103, 103D and related Hawaii Administrative Rules)

UH has incorporated the State’s procurement code and related statutory requirements into its administrative policies and procedures. The requirements include Administrative Rules adopted by the procurement policy board consistent with Chapter 103D, Hawaii Revised Statutes. These rules govern the procurement, management, control, and disposal of any and all goods and services, and construction for the jurisdictions of the State and counties, including the preparation, maintenance, and content of specifications for goods, services, and construction required by the State. These administrative rules have the force and effect of law. In addition to these requirements, UH’s procedures make reference to federal flowdown provisions and other applicable requirements that must be considered with regard to procurement actions involving federal funds. UH complies with these administrative rules and regulations in its procurement activities for its sponsored and nonsponsored activities.

Asset Management (HRS Chapters 103D and HAR Section 3-130)

UH has incorporated the State’s regulations regarding the inventory, accounting and disposal of State property in its administrative policies and procedures. The minimum State asset accountability level is set at \$250, but UH has a waiver increasing its threshold to \$500. UH has also incorporated the regulations under OMB Circular A-110 regarding the inventory, accounting and disposal of Federal property in its administrative policies and procedures. UH follows the applicable rules in managing assets for its sponsored and nonsponsored activities.

Employees’ Retirement System, Deferred Compensation (HRS Chapters 88, 88E)

UH employees are covered under the State employee retirement system (ERS). ERS consists of a contributory and noncontributory plan. Every fiscal year, the State appropriates funds to make contributions to ERS for noncontributory participants and matching contributions for contributory participants.

UH employees are also eligible to participate in the State deferred compensation plan. Under the plan, the State does not make matching contributions.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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1.5.0 State Laws or Regulations (Continued)

Employees' Retirement System, Deferred Compensation (Continued)

Eligibility requirements and other information regarding ERS and the deferred compensation plan are further explained in Part 2.6.0.

Post Retirement Benefits (HRS Sections 87-6(c), 87-4.5)

UH retirees are eligible for medical, dental, drug, vision, and life insurance plans administered through the State Retiree Health Fund. Retirees with at least 10 years of credited service receive these benefits at no cost. Retirees with less than 10 years of credited service make copayments for participation in the plan.

Eligibility requirements and other information regarding the retiree health fund are further explained in Parts 2.6.0 and 6.2.1.

Insurance (HRS Chapter 41D, Sections 3-4-8.8, 662-11)

UH is covered under the State's risk management program (Program). The Program purchases commercial insurance to insure the State against casualty, liability and fidelity losses. In addition, the Program operates a risk management revolving fund (Fund) to purchase insurance policies and to pay claims, including tort claims of \$10,000 or less. Tort claims of more than \$10,000 are handled by the State attorney general and require the approval of the legislature for appropriation. Moneys received from insurers to settle claims are credited to the Fund. There is no assessment to State agencies for participation in the Program.

The State comptroller, through the risk manager, has the discretion to determine what risks to insure or self-insure. Although exempted from the provisions on insuring casualty losses, UH is able to obtain casualty insurance through the Program. The Program does not insure State automobiles against comprehensive and collision losses. However, State agencies may acquire coverage from the Program. UH acquires comprehensive and collision coverage from the Program for automobiles within the UH system. Research vessels are explicitly excluded from liability coverage under the Program. Thus, insurance requirements for the Ship Operations Facilities are handled in the manner described under Part 6.4.1.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

1.5.0 State Laws or Regulations (Continued)

Insurance (Continued)

The Program provides public entity errors and omissions liability coverage. State agencies may purchase malpractice insurance not covered by the Program. UH operates a malpractice special fund that is used to cover costs arising from the defense and settlement of claims against the University, its students, or its faculty for professional malpractice in programs that provide professional services, including but not limited to clinical medicine, nursing, and law. The fund is not used to pay settlement claims paid through professional liability insurance or legislative appropriations. UH may establish and charge fees to individuals who are provided professional liability coverage under the malpractice special fund.

University Projects Funded Through State Revenue Bonds (HRS Sections 306-9, 306-10)

UH is required to set rates, rents, fees, and charges for the use or enjoyment of its facilities and to establish reserves that are sufficient to cover: operations, maintenance, repairs, debt service on general obligation and revenue bonds issued to finance projects in the University's bond system, betterments and improvements, renewal and replacements, or other bond covenants and provisions.

RCUH

RCUH is granted flexibility in hiring its personnel and handling and disbursing monies by an exemption from the following State laws:

1. Sections 36-27 and 36-30, relating to special fund reimbursements to the State general fund;
2. Sections 103-22 and 103-42, relating to advertising for bids and purchases to be made in Hawaii whenever public monies are expended;
3. Chapter 76, relating to civil service;
4. Chapter 77, related to compensation; and
5. Section 78-1, relating to public employment.

- End of Part -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART II - DIRECT COSTS
	University of Hawaii

Item No.	Item Description
	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	<u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (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	<u>Description of Direct Materials.</u> 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	<u>Method of Charging Direct Materials and Supplies.</u> (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. <u> X </u> 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. <u> X </u> Not Applicable
	¹ Describe on a Continuation Sheet.

Item No.	Item Description																																						
2.4.0	<p><u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)</p>																																						
2.5.0	<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%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="3"></th> <th colspan="4" style="text-align: center;"><u>Direct Personal Services Category</u></th> </tr> <tr> <th style="text-align: center;"><u>Faculty</u></th> <th style="text-align: center;"><u>Staff</u></th> <th style="text-align: center;"><u>Students</u></th> <th style="text-align: center;"><u>Other</u>¹</th> </tr> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">A. Payroll Distribution Method (Individuals time card/actual hours and rates)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td style="vertical-align: top;">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;">_____</td> <td style="text-align: center;">X</td> </tr> <tr> <td style="vertical-align: top;">C. After-the-fact Activity Records (Percentage Distribution of employee activity)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="vertical-align: top;">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 style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="vertical-align: top;">Y. Other(s)¹</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> </tbody> </table> <p>¹ Describe on a Continuation Sheet.</p>		<u>Direct Personal Services Category</u>				<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other</u> ¹	(1)	(2)	(3)	(4)	A. Payroll Distribution Method (Individuals time card/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)	_____	_____	_____	_____	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) ¹	_____	X	X	X
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Y. Other(s) ¹	_____	X	X	X																																			

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART II - DIRECT COSTS
	University of Hawaii

Item No.	Item Description
2.5.1	<p>Salary and Wage Cost Distribution Systems.</p> <p>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 style="margin-left: 40px;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p>
2.5.2	<p>Salary and Wage Cost Accumulation System.</p> <p>(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 <u>all</u> 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>
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 costs objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.)</p>

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

PART II - DIRECT COSTS

University of Hawaii

Item No.	Item Description																												
2.8.0	<p><u>Costs 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 original charge.)</p> <p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p>																												
2.9.0	<p><u>Interorganizational Transfers</u>. This items 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 interorganizational transfers of 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 border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></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;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition .</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s) ¹</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable.</td> <td style="text-align: center;">_____ <u>X</u> _____</td> <td style="text-align: center;">_____ <u>X</u> _____</td> <td style="text-align: center;">_____ <u>X</u> _____</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. 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. Interorganizational transfers are not applicable.	_____ <u>X</u> _____	_____ <u>X</u> _____	_____ <u>X</u> _____
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

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

Direct Costs

UH treats the salaries and wages of principal investigators and technical staff, related fringe benefits, materials and supplies, travel, subcontracts, equipment, and other costs as direct costs when:

1. They are incurred to advance the work under the sponsored agreement and
2. They can be specifically identified to the agreement or can be assigned directly to it using methods that can readily estimate the proportional benefit.

When costs that directly benefit the agreement are incurred but were not anticipated in the budget, UH treats these costs as direct costs provided that they do not exceed the overall budget or any restrictions placed by the sponsor.

When a sponsor does not pay for a direct cost item such as fringe benefits due to its policies, UH charges these costs to an institutionally funded account within the fiscal authority of the recipient department.

Indirect Costs

UH treats salaries and wages, related fringe benefits, materials and supplies, travel, subcontracts, equipment, and other costs as indirect costs when they are incurred for common or joint objectives and thus, cannot be specifically identified to a sponsored agreement, instructional activity or other institutional activity.

The following costs are normally treated as indirect costs:

Facilities

1. Depreciation and use allowances on buildings, capital improvements and equipment,
2. Interest expense (See Part 1.3.1),
3. Operations and maintenance, and
4. Library services.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

Indirect Costs - Continued

Administration

1. General administration,
2. Departmental administration,
3. Sponsored projects administration, and
4. Student services.

Costs which may be Treated as Direct Costs and Indirect Costs

UH will treat costs that are normally treated as indirect costs as direct costs when:

1. They are required under the project scope,
2. They can be specifically identified to the sponsored agreement or can be assigned directly to it using methods that can readily estimate the proportional benefit, and
3. They are budgeted for in the award.

The specific circumstances in which UH will treat normally indirect costs as direct costs follows.

Exception #1 – Facilities Costs

UH will charge facilities costs as direct costs under these circumstances:

1. Subscriptions – For projects where timely access to information from scholarly journals, monographs and books are considered critical to the fulfillment of program objectives.
2. Security – For projects where dedicated security personnel, devices or facilities are required to ensure strict access to or protection of sensitive materials.
3. Utilities – For projects where dedicated utility lines, easements or services are required.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

Costs which may be Treated as Direct Costs and Indirect Costs – Continued

Exception #1 – Facilities Costs (Continued)

4. Hazardous Materials Disposal – For projects that require special hazardous waste protocols or that generate waste that exceeds the level of service covered by UH’s contracts with its outside vendors.
5. Insurance – For projects where liability, casualty or fidelity insurance is required and UH is not covered under the State risk management program for these exposures. In the event of a loss, UH will charge the deductible portion of insurance to the benefiting project.

Exception #2 – Administrative Costs

UH will charge the salaries and related fringe benefits of administrative and clerical staff as direct costs for projects that involve:

1. Excessive data accumulation, analysis and tabulation, or
2. Preparation and production of manuals and large reports, or
3. Coordination of multiple investigators from various disciplines and institutions, or
4. Management of projects in locations that are remote from campus, or
5. Extensive travel and meeting arrangements for conferences and seminars, or
6. Other activities that require a significant level of administrative support that can be specifically identified to the project.

UH will charge other administrative costs as direct costs under the following circumstances:

1. Office supplies – For supplies that can be specifically identified to the project and that have been budgeted in the award.
2. Postage – For large survey mailouts or for overnight delivery services.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

Costs which may be Treated as Direct Costs and Indirect Costs – Continued

Exception #2 – Administrative Costs (Continued)

3. Basic telephone charges – For projects requiring dedicated telephone and FAX lines or remote projects.
4. Memberships – For projects requiring individual memberships in business, technical or professional organizations or associations.

Refer to Part 2.1.0, Direct Charge Equivalent for a discussion of how UH compensates for the difference in treatment of administrative support costs.

Exception #3 – Federally Negotiated, Unique F&A Cost Rate

The UH Institute For Astronomy (IFA) charges administrative support costs as direct costs due to the complex nature of its research programs and telescope operations which require a unique and highly sophisticated financial management system.

IFA uses the Administrative Recharge System (ARS) to allocate administrative support costs to sponsored agreements. Costs are pooled into four activity centers and are allocated to sponsored agreements on the basis of modified total direct costs (MTDC). The four activity centers are:

1. Systemwide – Costs that benefit all IFA programs except the Mauna Kea Midlevel Facility.
2. Manoa – Costs that benefit IFA’s programs at the UH Manoa campus.
3. Hawaii – Costs that benefit IFA’s programs at the Mauna Kea Observatory.
4. Maui - Costs that benefit IFA’s programs at the Haleakala Observatory.

Because IFA allocates costs in this manner, UH negotiated with its cognizant agency a special research F&A cost rate to compensate for the direct charging of administrative support costs.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

Exception #4 – Non-Federal Sponsors

Where non-Federal sponsors treat costs that are normally treated as indirect costs as direct costs of their sponsored agreements, UH will treat those costs as direct costs.

Direct Charge Equivalent

To compensate for the differences in the treatment of administrative support costs, UH uses a modified Direct Charge Equivalent (DCE) methodology to develop the departmental administration component of its F&A cost rates.

UH’s method differs from the preferred methodology because UH does not create separate accounts in its accounting system for departmental administrative support. Instead, these costs are included in the instruction accounts. Thus, UH must reclassify costs out of instruction to create its academic department cost pools.

The methodology is summarized as follows:

1. Salaries and wages and other direct costs are grouped into two categories:
 - a. Restricted activities – Representing organized research, sponsored training, other sponsored activities, and other institutional activities.
 - b. Instruction – Representing institutionally funded instruction.
2. The categories are broken down into four subpools:
 - a. Faculty & professional salaries and wages
 - b. Administrative & clerical salaries and wages
 - c. Other non-faculty salaries and wages (Technical staff)
 - d. Other direct costs

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

Direct Charge Equivalent – Continued

3. The 3.6% of MTDC administrative allowance is computed for faculty and professionals that conduct research or instruction. For the purposes of this computation, MTDC consists of organized research, sponsored training and instruction.
4. DCE is computed based on the preferred methodology's assumption that within a department, the ratio of support costs to salaries and wages for instruction should be the same as the ratio of support costs to salaries and wages charged to its sponsored activities. The DCE computation is as follows:
 - a. Administrative & clerical salaries and wages – The ratio of administrative & clerical salaries and wages in restricted activities to faculty & professional salaries and wages in restricted activities is used to compute administrative & clerical salaries and wages that can be reclassified to departmental administration out of instruction.
 - b. Other non-faculty salaries and wages – Because the salaries and wages of technical staff (lab technicians, equipment operators, instrument operators, project programmers) are treated as direct costs, no ratio is computed. Thus, there will be no reclassification to departmental administration out of instruction.
 - c. Other direct costs – The ratio of other direct costs to salaries and wages in restricted activities is used to compute other direct costs that can be reclassified to departmental administration out of instruction.

RCUH

RCUH charges salaries and wages of principal investigators and technical staff, related fringe benefits, materials and supplies, subcontracts, equipment, and other costs as direct costs when: they are incurred to advance the work under the sponsored agreement and they can be specifically identified to the agreement or can be assigned directly to it using methods that can readily estimate the proportional benefit.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.1.0 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (Continued)

RCUH – Continued

RCUH treats costs incurred by its general administrative offices as indirect costs. Included in these costs is the depreciation on RCUH's office equipment.

2.2.0 Description of Direct Materials

UH charges the following categories of materials and supplies as direct costs to sponsored agreements:

- Animals, including purchase, shipping and per diem
- Lab supplies
- Scientific supplies
- Office supplies*
- Instructional materials
- Safety supplies
- Oils & lubricants, non-motor vehicle
- Agricultural supplies
- Medical & hospital supplies
- Pharmaceuticals

Costs of materials and supplies include all necessary freight, handling and shipping insurance charges as well as applicable general excise, use or other taxes.

* Refer to Part 2.1.0, Direct Charge Equivalent for a discussion of how UH compensates for the difference in treatment of administrative support costs.

2.3.1 Direct Purchases for Projects

UH purchases materials and supplies from State approved bid lists that already incorporate any quantity or price discounts, rebates or allowances offered by suppliers to UH. Bid lists are schedules of items, such as office supplies, that have been negotiated with vendors for the best combination of price and service. In exchange, vendors receive exclusive rights to sell such items to State agencies for a stated period of time. Items not on the list are sent out for bid and vendors are requested to include any and all discounts, rebates or allowances into their proposals. The vendor is also selected on the best combination of price and service.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.4.0 Description of Direct Personal Services

UH charges salaries and wages to the function the employee is working on. If the function relates directly to a project, the overtime is charged directly to that project. If the function relates to an indirect type activity, the overtime is charged to that indirect function and allocated accordingly.

In the personnel system, UH recognizes three classes of employees: Regular employees, lecturers and non-regular employees. Each class differs in the types of compensation and fringe benefits that are available to them.

Regular Employees

Regular employees include faculty, researchers, graduate assistants, librarians, specialists, extension agents, and staff. Within the staff category, UH recognizes three subcategories: executive and administrative/managerial; civil service; and administrative, professional and technical (APT).

Overtime

Civil service and APT's can earn authorized overtime. Overtime is charged to the function the employee is working on.

Overload

Overload is additional compensation for authorized services that are performed in addition to an employee's recognized full-time duties (100% FTE).

Non-instructional faculty can earn overload pay, which will be directly charged to a project provided that it meets the following criteria:

1. Consultation is across departmental lines or involves a separate or remote operation,
2. Consultation work performed is in addition to the employee's regular departmental workload, and
3. The consulting arrangements are specifically provided for in the sponsored agreement or approved in writing by the sponsoring agency.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.4.0 Description of Personal Services (Continued)

Work that is performed for an employee's own research project does not qualify as consultation. In addition, overload work can only be performed when the employee is on authorized vacation leave.

Instructional faculty and graduate teaching or research assistants can also earn overload pay that will be charged directly to projects. However, overload charges are allowable only during the employee's off-duty period. This period cannot occur during the academic year (September through May for 9-month faculty and the 11-month on-duty period for 11-month faculty).

The definitions of on-duty and off-duty periods are governed by the collective bargaining agreements and memorandums of understanding between the faculty unions and the University. They also contain the formulas for computing the overload pay.

Other compensation

Regular employees can also earn other types of compensation that will be charged to the function that the employee is working on. Additional compensation include:

- Differential pay
- Premium pay (e.g. hazardous duty pay)
- Wages in kind
- Stipends

Salary levels and formulas to compute overtime and additional compensation such as differential and premium pay are determined by the collective bargaining unit contracts recognized by UH or by UH administrative procedure.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
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2.4.0 Description of Personal Services (Continued)

Leave costs

Regular employees are entitled to various types of leave. Leaves are charged to the function the employee is working on. Typical leave costs include:

- Vacation leave
- Sick leave
- Holiday leave
- Jury duty/witness leave
- Military leave
- Bereavement leave
- Compensatory time-off in lieu of overtime (except faculty)

Refer to Part 5.1.0 for a discussion of the leave credit system.

RCUH

RCUH classifies its regular employees as follows: professional, technical, administrative, clerical, and unskilled. An “unskilled employee” means a position that does not fit any of RCUH’s normal classifications. RCUH employees can earn the following additional types of compensation that will be charged as direct costs when the effort of employees are directly related to the project:

- Sea pay
- High altitude pay
- Accumulated time off
- Stipends

Salary levels and formulas to compute additional compensation are determined by RCUH policy.

Lecturers

Lecturers are personnel hired for one semester teaching assignments and paid at a fixed rate per credit hour taught.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.4.0 Description of Direct Personal Services (Continued)

Non-Regular Employees

Nonregular employees are student help and casual hires that are hired on an hourly basis. Federal and State wage and hour laws determine minimum hourly wages. In some cases, casual hires are hired on 90-day temporary appointments and paid salaries.

Nonregular employees can earn authorized overtime. Overtime is charged to the function that the employee is working on.

2.5.0 Method of Charging Direct Salaries and Wages

Direct Personal Services Category – Other

UH classifies casual hires as “Other” for the purposes of Item 2.5.0. As discussed in Part 2.4.0, casual hires hired on hourly wages and on 90-day temporary assignments are accounted for differently.

IFA ARS

As discussed in Part 2.1.0, IFA uses the ARS system to record administrative support costs, including salaries and fringe benefits of administrative and clerical staff. These costs are charged to sponsored agreements on the basis of MTDC.

RCUH

RCUH uses timesheets to charge salaries and fringe benefits to sponsored agreements for work performed by its employees that are directly related to the project.

2.5.2 Salary and Wage Accumulation System

UH’s basic payroll document is the personnel notification form (PNF), which supports the institution’s plan confirmation system. The PNF establishes the full-time equivalent (FTE) allocation of an employee’s salary and wages to his direct and indirect activities.

Payroll is charged to sponsored agreements on the basis of the PNF. The principal investigator (PI) and fiscal officer (FO) are responsible for ensuring that the allocation of the employee’s payroll to his direct and indirect activities

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.5.2 Salary and Wage Accumulation System (Continued)

are true and correct based on the employee's effort. UH requires a monthly FTE certification, signed by the PI and FO, to document the effort. The PI and FO are also responsible for correcting the PNF and payroll allocation, if necessary.

The policies and procedures for documenting personnel costs are explained under APM Section A8.948 – Documentation Requirements for Personnel Costs Charged Directly to Federally Sponsored Agreements.

Time cards and/or scan sheets certified on a semi-monthly basis are used to allocate costs to sponsored agreements for student employees and casual hires.

Cost Sharing

As discussed in Part 1.2.0, UH records cost sharing information in a separate database. When the salaries and wages of a UH employee are cost shared, the employee's name, social security number, source of funds, committed FTE, and committed period are recorded on the Cost Sharing Record Form. This information is inputted in the database under the FMIS project account and the salary data is accumulated automatically.

Effort associated with cost shared employees that are paid via timesheet and/or scan sheet are maintained in separate workpapers. The workpapers are used to support the effort attributed to these sources in the cost sharing database.

As discussed in Part 1.2.0, the Cost Sharing Account Summary is used to match the cost shared salaries and wages to the sponsored agreement.

IFA ARS

As discussed in Part 2.1.0 and 2.5.0, administrative and clerical salaries and fringe benefits are grouped into four cost centers and allocated to sponsored agreements on the basis of MTDC.

RCUH

At the end of each pay period, all employees submit timesheets, which are keypunched into the RCUH payroll accounting system. Salary and wage cost distribution detail is captured in the Payroll & Fringe Benefit Report and summarized in the Payroll & Fringe Benefit Summary. Totals from the Summary are keypunched into the financial accounting system and simultaneously posted to the General Ledger.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.6.0 Description of Fringe Benefits

UH charges the following fringe benefits that are associated with employees directly charged to a project:

Employers' Federal & State Payroll Taxes

UH charges the employers' portion of the Federal Insurance Contributions Act (FICA) and Medicare contributions to sponsored agreements. Students are excluded from the taxable salaries and wages base.

UH established separate unemployment insurance funds for Federally funded, non-Federally funded and institutionally funded employees because the University is no longer covered under the State unemployment insurance fund.

UH charges the employers' portion of unemployment insurance (UI) contributions to sponsored agreements through the use of the actual unemployment insurance contribution rate in effect during the fiscal year in which the taxable wages are earned. Assessments are credited to the appropriate Federal or non-Federal fund.

Taxes are computed as follows:

FICA = Taxable salaries and wages x applicable FICA rates

Medicare = Taxable salaries and wages x applicable Medicare rates

UI contribution = Taxable salaries and wages x applicable UI contribution rates

UH's payroll tax contributions for employees in its institutionally funded activities are included in the nonimposed fringe data submitted by the State to UH at fiscal year end. Included in the data are the UI assessments for institutionally funded employees, which were credited to the institutional fund during the fiscal year. Also included are fringe benefits for the federal college work study program (F-223 accounts) and extension programs under the Hatch and Smith-Lever Acts (F-25x and F-27x accounts) that do not have imposed fringe benefits.

RCUH

RCUH is no longer covered under the State unemployment insurance fund and like UH, has its own fund that is funded through fringe benefit assessments.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.6.0 Description of Fringe Benefits (Continued)

Workers' Compensation and Temporary Disability Insurance (HRS Chapters 386 & 392)

Workers' Compensation

UH is no longer covered under the State workers' compensation plan. UH has established workers' compensation funds for Federally funded, non-Federally funded and institutionally funded employees. The funds cover employees' medical expenses when they are out of work due to work related injuries or illnesses.

UH charges sponsored agreements for workers' compensation insurance (WC) through the use of the actual workers' compensation rates in effect during the fiscal year in which the taxable wages are earned. Assessments are credited to the appropriate Federal or non-Federal fund.

Workers' compensation insurance contributions are computed as follows:

WC contribution = Taxable salaries and wages x applicable WC contribution rate

Similar to unemployment insurance, workers' compensation contributions for institutionally funded employees are included in the nonimposed fringe data and were credited to the institutional WC fund during the fiscal year.

RCUH

RCUH is no longer covered under the State workers' compensation fund and like UH, has its own fund that is funded through fringe benefit assessments.

Temporary Disability Insurance (TDI)

UH is covered under the State temporary disability insurance plan. The plan provides benefits to employees who become disabled due to non-work related injuries or illnesses. An employee's sick leave must be exhausted before receiving benefits from this plan. The State temporary disability insurance fund is funded through an annual legislative appropriation. UH is not assessed for participation in the plan. Therefore, sponsored agreements are not charged for TDI coverage.

Refer to Part 6.4.1 for a discussion of how workers' compensation and TDI claims are handled by UH.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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2.6.0 Description of Fringe Benefits (Continued)

Health Insurance

UH employees, except undergraduate students and employees with less than 50% full-time equivalent (FTE) and/or less than three months appointment may select from the following health benefits:

1. Medical, Adult Dental, Prescription Drug, and Vision Care Plans – Based on current bargaining unit contract agreements, the State pays 60% of the monthly premiums.
2. Children’s Dental Plan for unmarried dependents under age 19 – Based on current bargaining unit contract agreements, the State pays 100% of the monthly premiums.

Sponsored agreements are charged for health insurance of employees working directly on a project based on the copayment plan described above.

UH’s health insurance contributions for institutionally funded employees are included in the nonimposed fringe data.

RCUH

Health Plan

RCUH has a similar health plan to UH for employees with at least 50% FTE, except that RCUH pays 60% of the monthly premiums. Sponsored agreements are charged for health plan copayments associated with employees whose work is directly related to the project.

Flexible Spending Plan

RCUH has a flexible spending plan and pays the monthly flexible spending plan administration fee for regular employees with at least 50% FTE. The administrative fee is based on the current contract agreement.

Sponsored agreements are charged the flexible spending administrative fee for eligible employees if their efforts are directly related to the project.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

2.6.0 Description of Fringe Benefits (Continued)

Group Life Insurance

UH pays the monthly group life insurance contribution for its employees. Excluded from the plan are undergraduate students and employees with less than 50% and/or less than three months appointment.

Sponsored agreements are charged group life insurance premiums for eligible employees if their efforts are directly related to the project. The amounts charged are based on the current premium cost.

UH's group life insurance contribution for institutionally funded employees is included in the nonimposed fringe data.

RCUH

RCUH pays the monthly group life insurance premium for its regular employees who are at least 75% FTE.

Sponsored agreements are charged group life insurance premiums for eligible employees if their efforts are directly related to the project. The amounts charged are based on the current premium cost.

Employees' Retirement System

UH employees, except students, graduate assistants and hourly employees with less than 50% FTE, are eligible to participate in the State Employees' Retirement System (ERS). ERS is a cost-sharing, multiple-employer, defined contribution public employee retirement plan covering eligible employees of the State and counties.

ERS is comprised of a noncontributory and a contributory option, both of which provide death and disability benefits in addition to the retirement benefits established by State statute. Information about each option is as follows:

Noncontributory Option

All full-time employees hired after June 30, 1984 are required to participate in the noncontributory option. Employees who retire at age 62 with 10 years of credited service or at or after age 55 with 30 years of credited service are entitled to a retirement benefit equal to 1.25% of their final average salary for

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2.6.0 Description of Fringe Benefits (Continued)

Employees' Retirement System- Continued

Noncontributory Option (Continued)

each year of credited service. Final average salary is the employee's average salary over three years of service, excluding any salary paid in lieu of vacation. Benefits vest fully upon reaching 10 years of service. Employees with 20 years of credited service may retire at or after age 55 and receive reduced retirement benefits.

Contributory Option

Employees hired prior to June 30, 1984 were given a one-time option of selecting either the noncontributory or contributory plans. Employees who retire at or after age 55 with five years of credited service are entitled to a retirement benefit equal to 2% of their final average salary for each year of credited service. Employees are required to contribute 7.8% of their salary to this option. Benefits fully vest upon attaining five years of service provided that the employee's contributions remain in ERS.

UH charges sponsored agreements for ERS accumulation and administration through the use of an annually determined, fixed fringe benefit rate negotiated each fiscal year between the State and US DHHS. UH excludes supplementary salaries to faculty from the salaries and wages base. Assessments are credited to the State ERS.

ERS contributions are computed as follows:

ERS contribution = Eligible salaries and wages x US DHHS approved rate

UH's contributions to ERS for institutionally funded employees are included in the nonimposed fringe data.

Deferred Compensation Plan

UH employees are eligible to participate in the State Deferred Compensation Plan. However, casual hires are required to make mandatory contributions to plan. The plan is entirely funded through employee contributions. The State does not make contributions to the plan. Thus, sponsored agreements are not charged.

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2.6.0 Description of Fringe Benefits (Continued)

Other Retirement Plan Options

UH employees may participate in the Teachers Insurance and Annuity Association (TIAA)/College Retirement Equities Fund (CREF) and other independent retirement planning organizations which are funded by employee contributions. The State does not contribute to these plans. Thus, costs of these plans are not charged to sponsored agreements.

RCUH Retirement Plans

Eligible RCUH employees may participate in a noncontributory and/or a contributory retirement plan through TIAA/CREF.

Noncontributory Option

All RCUH employees who are at least 50% FTE and who complete at least 1,000 hours of service during a 12 month period starting with the employee's date of regular appointment are eligible to participate in a noncontributory retirement plan.

RCUH contributes 10% of compensation beginning the first day of the pay period following the date on which the employee becomes a participant in the plan.

Sponsored agreements are charged for noncontributory pension plan contributions for eligible employees if their efforts are directly related to the project.

Contributory Option

All RCUH regular employees who are at least 50% FTE may participate in a contributory retirement plan. RCUH does not contribute to this plan. Thus, costs of this plan are not charged to sponsored agreements.

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2.6.0 Description of Fringe Benefits (Continued)

RCUH Retirement Plans - Continued

Supplemental Retirement Benefits

Terminating RCUH employees who are at least age 45 years four months, have service of 10 years or more and have accumulated unused sick leave credits of 60 days or more are eligible for supplemental retirement benefits. The supplemental benefits would amount to 10% on the value of the unused sick leave reduced by .5% for each month below the age of 62. Terminating employees may choose to purchase an annuity or receive the benefit in cash.

Sponsored agreements are charged for supplemental retirement benefits of employees working directly on a project at a rate of .25% of noncontributory plan contributions.

Post Retirement Benefits

Retirees are eligible for certain post retirement benefits that are funded by assessments to current UH employees. The eligibility criteria is as follows:

All employees who retire from the University on or after age 62 with at least 10 years of service or age 55 with at least 30 years of service under the noncontributory option and age 55 with at least five years of service under the contributory option are eligible to receive certain health care and life insurance benefits. Excluded from the plan are students, graduate assistants, supplemental salaries to faculty, and hourly employees with less than 50% FTE.

Retirees credited with at least 10 years of service, excluding sick leave credit, qualify for free medical insurance premiums. Retirees with less than 10 years of service must assume a portion of the monthly premiums. All disability retirees who retired after June 30, 1984, with less than 10 years of service also qualify for free medical insurance premiums. Free life insurance coverage and dental coverage for dependents under age 19 are also available. Retirees covered by the medical portion of Medicare are eligible to receive a reimbursement of the basic medical coverage premiums. Contributions are based upon negotiated collective bargaining agreements and are funded by the State.

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2.6.0 Description of Fringe Benefits (Continued)

Post Retirement Benefits - Continued

UH charges sponsored agreements for retiree health insurance contributions through the use of an annually determined, fixed fringe benefit rate negotiated each fiscal year between the State and US DHHS. Assessments are credited to the State employees' health fund.

Retiree Health Insurance Contributions are computed as follows:

Retiree Health Insurance Contribution = Eligible salaries and wages x US DHHS approved rate

UH's contributions for institutionally funded employees are included in the nonimposed fringe data.

RCUH Post Retirement Benefits

All RCUH employees who retire in good standing with 10 years or more of continuous service, 10 years of participation in the Corporation's retirement and life insurance program, and attain age 55 are entitled to certain health care and life insurance benefits. Contributions for health benefits are fixed at \$50.00 per month. The cost of retiree insurance benefits are recognized when the premiums are paid.

Sponsored agreements are not charged for post retirement benefits contributions because premium payments are charged to RCUH administrative expense.

Faculty Vacation Accumulation Fund Assessment

As discussed in Part 5.1.0, sponsored agreements are assessed a fringe benefit rate to fund an accrued vacation fund. The fund was established to pay for accrued vacation liabilities that must be paid during the year upon the termination, resignation or transfer of employees that earned unused vacation credits while working on sponsored agreements.

Accrued Vacation Fund Contributions are computed as follows:

Accrued Vacation Fund Contribution = Eligible salaries and wages x accrued vacation fund fringe benefit rate

See Part 5.1.0 for RCUH treatment of unused vacation credits.

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2.6.0 Description of Fringe Benefits (Continued)

Other Benefits

UH employees are entitled to other benefits that are not covered in the fringe benefit rate assessed to projects.

Training and Continuing Education

Employees have the opportunity to attend in-service training, professional conferences, or seminars related to their work. These costs cannot be specifically identified with a particular project or activity and are recorded as indirect costs. UH will charge conferences and seminars that directly benefit a project as direct costs.

Tuition Waivers

Faculty and staff, except for employees with less than 50% FTE and temporary/emergency hires, are eligible to receive tuition waivers. Additional teaching costs, if any, are absorbed by the institutionally funded instruction programs. Thus, sponsored agreements are not charged directly for this fringe benefit.

For financial statement purposes, UH records the value of the fringe benefit as required by college and university GAAP. For F&A cost study purposes, UH includes the amounts in the benefiting F&A cost pools and allocation bases.

RCUH – Other Benefits

RCUH reimburses tuition expense for eligible employees who seek educational training directly applicable to his/her job. Reimbursement is made upon successful completion of a course with a grade of “C” or better and is limited to the cost of three credits per academic semester or nine credits per calendar year.

2.6.1 Method of Charging Fringe Benefits

As discussed in the continuation sheet for Item 2.5.2, the PNF is the basis for distributing an employee’s payroll to his or her direct and indirect activities. If the level of effort changes, as identified through the University’s FTE certification system, the principal investigator makes the necessary adjustments to the financial records, including a reallocation of fringe benefits.

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2.6.1 Method of Charging Fringe Benefits (Continued)

Cost Sharing

As discussed in Part 2.5.2, UH records cost sharing information in a separate database. The database computes related fringe benefit costs through the use of a composite fringe benefit rate negotiated each year between the State and the US Department of Health and Human Services.

Cost Sharing Fringe Benefits are computed as follows:

Cost Sharing Fringe Benefits = Salaries and wages x committed FTE x US DHHS approved rate

Fringe benefits associated with cost shared employees that are paid via timesheet and/or scan sheet are maintained in separate workpapers. The workpapers are used to support the effort attributed to these sources in the cost sharing database.

As discussed in Part 1.2.0, the Cost Sharing Account Summary is used to match the cost shared fringe benefits to the sponsored agreement.

IFA ARS

Fringe benefits are allocated along with salaries to benefiting projects as discussed in Part 2.5.2.

RCUH

Fringe benefits are allocated along with salaries to benefiting functions as discussed in Part 2.5.2.

F&A Cost Study

As discussed in Part 2.6.0, UH receives a schedule of nonimposed fringe data for institutionally funded employees at fiscal year end. These records, provided by the State, do not provide sufficient detail to match fringe benefit costs to individual employees. Thus, for F&A cost study purposes, UH prorates the fringe costs to institutionally funded activities, the federal college work study accounts, and Hatch and Smith-Lever accounts on the basis of salaries and wages. This enables UH to associate the fringe benefits with the direct or indirect activities with which they relate.

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2.7.0 Other Direct Costs

UH charges the following costs to sponsored agreements as direct costs when they are directly related to the project:

- Honoraria for services rendered (e.g. guest speaker at a conference)
- Consultants
- Travel
- Subcontracts
- Computer usage costs
- Long distance charges
- FAX charges
- Publication costs
- Photographic and graphic services
- Copying and printing costs
- Equipment
- Equipment maintenance, repair and service contracts
- Human subject fees
- Space and equipment rental
- Advertising for purchase bid or recruiting purposes
- Motor vehicle gas and oil

Purchases include applicable general excise, use, and other taxes. Purchases of equipment include all necessary freight, handling, shipping insurance charges, and expenses required to install equipment or otherwise render it useable.

- End of Part -

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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 should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.

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

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

¹ List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.

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3.1.0	<p><u>Indirect Cost Categories - Accumulation and Allocation.</u> 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 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.")</p> <table border="0" data-bbox="282 787 1379 1512"> <thead> <tr> <th data-bbox="282 787 752 818"><u>Indirect Cost Category</u></th> <th data-bbox="784 787 940 849"><u>Accumulation Method</u></th> <th data-bbox="1019 787 1160 849"><u>Allocation Base Code</u></th> <th data-bbox="1254 787 1379 849"><u>Allocation Sequence</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="282 880 752 911">(a) Depreciation/Use Allowances/Interest</td> <td data-bbox="799 911 909 942"></td> <td data-bbox="1034 911 1144 942"></td> <td data-bbox="1270 880 1364 911"><u>1</u></td> </tr> <tr> <td data-bbox="376 911 501 942"> Building</td> <td data-bbox="799 911 909 942"><u>No</u></td> <td data-bbox="1034 911 1144 942"><u>P</u></td> <td data-bbox="1270 880 1364 911"></td> </tr> <tr> <td data-bbox="376 942 517 973"> Equipment</td> <td data-bbox="799 942 909 973"><u>No</u></td> <td data-bbox="1034 942 1144 973"><u>P</u></td> <td data-bbox="1270 880 1364 911"></td> </tr> <tr> <td data-bbox="376 973 736 1004"> Capital Improvements to Land ¹</td> <td data-bbox="799 973 909 1004"><u>No</u></td> <td data-bbox="1034 973 1144 1004"><u>P</u></td> <td data-bbox="1270 880 1364 911"></td> </tr> <tr> <td data-bbox="376 1004 486 1036"> Interest ¹</td> <td data-bbox="799 1004 909 1036"><u>No</u></td> <td data-bbox="1034 1004 1144 1036"><u>L</u></td> <td data-bbox="1270 880 1364 911"></td> </tr> <tr> <td data-bbox="282 1067 642 1098">(b) Operations and Maintenance</td> <td data-bbox="799 1067 909 1098"><u>Yes</u></td> <td data-bbox="1034 1067 1144 1098"><u>P</u></td> <td data-bbox="1270 1067 1364 1098"><u>2</u></td> </tr> <tr> <td data-bbox="282 1129 721 1191">(c) General Administration and General Expense</td> <td data-bbox="799 1160 909 1191"><u>Yes</u></td> <td data-bbox="1034 1160 1144 1191"><u>D</u></td> <td data-bbox="1270 1160 1364 1191"><u>3</u></td> </tr> <tr> <td data-bbox="282 1222 650 1253">(d) Departmental Administration</td> <td data-bbox="799 1222 909 1253"><u>No</u></td> <td data-bbox="1034 1222 1144 1253"><u>D</u></td> <td data-bbox="1270 1160 1364 1191"></td> </tr> <tr> <td data-bbox="282 1284 713 1315">(e) Sponsored Projects Administration</td> <td data-bbox="799 1284 909 1315"><u>Yes</u></td> <td data-bbox="1034 1284 1144 1315"><u>D</u></td> <td data-bbox="1270 1160 1364 1191"></td> </tr> <tr> <td data-bbox="282 1346 415 1377">(f) Library</td> <td data-bbox="799 1346 909 1377"><u>Yes</u></td> <td data-bbox="1034 1346 1144 1377"><u>P</u></td> <td data-bbox="1270 1160 1364 1191"></td> </tr> <tr> <td data-bbox="282 1408 729 1440">(g) Student Administration and Services</td> <td data-bbox="799 1408 909 1440"><u>Yes</u></td> <td data-bbox="1034 1408 1144 1440"><u>J</u></td> <td data-bbox="1270 1160 1364 1191"></td> </tr> <tr> <td data-bbox="282 1471 415 1502">(h) Other ¹</td> <td data-bbox="799 1471 909 1502"><u>No</u></td> <td data-bbox="1034 1471 1144 1502"><u>NA</u></td> <td data-bbox="1270 1160 1364 1191"></td> </tr> </tbody> </table> <p data-bbox="282 1761 674 1792">¹ Describe on a Continuation Sheet.</p>	<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>No</u>	<u>P</u>		Equipment	<u>No</u>	<u>P</u>		Capital Improvements to Land ¹	<u>No</u>	<u>P</u>		Interest ¹	<u>No</u>	<u>L</u>		(b) Operations and Maintenance	<u>Yes</u>	<u>P</u>	<u>2</u>	(c) General Administration and General Expense	<u>Yes</u>	<u>D</u>	<u>3</u>	(d) Departmental Administration	<u>No</u>	<u>D</u>		(e) Sponsored Projects Administration	<u>Yes</u>	<u>D</u>		(f) Library	<u>Yes</u>	<u>P</u>		(g) Student Administration and Services	<u>Yes</u>	<u>J</u>		(h) Other ¹	<u>No</u>	<u>NA</u>	
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3.2.0	<p><u>Service Centers.</u> Service centers are department or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in Section J of Circular A-21. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of services. Enter "Z" in Column 1, if not applicable.)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 5%;">(1)</th> <th style="width: 5%;">(2)</th> <th style="width: 5%;">(3)</th> <th style="width: 5%;">(4)</th> <th style="width: 5%;">(5)</th> <th style="width: 5%;">(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</td> <td style="text-align: center;"><u>Z</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(b) Business Data Processing</td> <td style="text-align: center;"><u>Z</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>(c) Animal Care Facilities</td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>C</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>Y</u></td> </tr> <tr> <td>(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) (See continuation sheet)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p>(1) <u>Category Code:</u> 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.</p> <p>(2) <u>Burden Code:</u> 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.</p> <p>(3) <u>Billing Rate Code:</u> 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).</p> <p>(4) <u>User Charges Code:</u> 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).</p> <p>(5) <u>Actual Costs vs. Revenues Code:</u> 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.</p> <p>(6) <u>Variance Code:</u> 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).</p>		(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>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>Y</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) (See continuation sheet)	_____	_____	_____	_____	_____	_____
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	University of Hawaii

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3.3.0	<p><u>Indirect Cost Pools and Allocation Bases</u></p> <p>(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distributed 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 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.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Indirect Cost Pools</u></th> <th style="text-align: right;"><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td colspan="2">A. Instruction</td> </tr> <tr> <td style="text-align: center;"><u> X </u> On-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u> Off-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> </u> Other ¹</td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td colspan="2">B. Organized Research</td> </tr> <tr> <td style="text-align: center;"><u> X </u> On-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u> Off-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u> Other ¹</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td colspan="2">C. Other Sponsored Activities</td> </tr> <tr> <td style="text-align: center;"><u> X </u> On-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> X </u> Off-Campus</td> <td style="text-align: center;"><u> D </u></td> </tr> <tr> <td style="text-align: center;"><u> </u> Other ¹</td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td colspan="2">D. Other Institutional Activities ¹</td> </tr> <tr> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> </tr> </tbody> </table>	<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>	A. Instruction		<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	<u> </u> Other ¹	<u> </u>	B. Organized Research		<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	<u> X </u> Other ¹	<u> D </u>	C. Other Sponsored Activities		<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	<u> </u> Other ¹	<u> </u>	D. Other Institutional Activities ¹		<u> </u>	<u> </u>
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3.4.0	<p><u>Composition of Indirect Cost Pools.</u> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, subgroupings of expenses, and elements of cost included.)</p> <p>¹ Describe on a Continuation Sheet.</p>																														

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III - INDIRECT COSTS
	University of Hawaii

Item No.	Item Description
3.5.0	<p><u>Composition of Allocation Bases.</u> (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.</p>
3.6.0	<p><u>Allocation of Indirect Cost to Programs That Pay Less Than Full Indirect Costs.</u> 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?</p> <p>A. <u> X </u> Yes B. <u> </u> No ¹</p>
	<p>¹ Describe on a Continuation Sheet.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.1.0 Indirect Cost Categories – Accumulation & Allocation.

Indirect Cost Category

Capital Improvements to Land

This category represents all improvements not related specifically to an individual building such as utility lines, streets, sidewalks, parking areas, etc.

Interest

This category represents amortized interest paid on State of Hawaii bonds issued to acquire Sherman Laboratory that UH is permitted to recover in its F&A cost rates.

Accumulation Method

Depreciation/Use Allowances/Interest

UH documents its computation of use allowances and computer depreciation on separately maintained workpapers. Equipment or facilities paid with Federal funds are eliminated from the computation bases for use allowances and depreciation. Computer equipment that is considered fully depreciated is eliminated from the computation base for depreciation.

UH documents amortized interest paid for Sherman Laboratory on separately maintained workpapers.

RCUH computes use allowance on separately maintained workpapers and includes it in its schedule of administrative expenses.

Departmental Administration

As discussed in Part 2.1.0, UH uses the DCE methodology to compensate for differences in the treatment of administrative support costs for its sponsored and nonsponsored activities. Thus, UH uses a separate workpaper analysis to derive academic department DA for accumulation into the DA cost pool for F&A cost study purposes.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.1.0 Indirect Cost Categories – Accumulation and Allocation. (Continued)

Allocation Bases

Depreciation/Use Allowances

UH uses an allocation base of square footage to allocate depreciation and use allowances for buildings and equipment. However, for buildings where no square footage data is available, UH uses an alternate allocation base of salaries and wages of the employees within the departments or colleges that occupy the space. Where UH can attribute usage of equipment or building space to a single function, a direct allocation is made to that function. Where the performance of activities occur simultaneously in the same space, UH distributes square footage to functions based on the salaries and wages of the employees within the departments or colleges that jointly occupy the space.

UH uses an allocation base of employee FTE and student FTE to allocate use allowances for general improvements. However, where UH can attribute general improvements to a single function, a direct allocation is made to that function.

Use allowance is included with RCUH administrative expenses, which are allocated to benefiting projects on the basis of MTDC.

Operations and Maintenance

UH uses an allocation base of square footage to allocate depreciation and use allowances for buildings and equipment. However, for buildings where no square footage data is available, UH uses an alternate allocation base of salaries and wages of the employees within the departments or colleges that occupy the space. Where UH can attribute usage of equipment or building space to a single function, a direct allocation is made to that function. Where the performance of activities occur simultaneously in the same space, UH distributes square footage to functions based on the salaries and wages of the employees within the departments or colleges that jointly occupy the space.

Library

UH uses allocation base of employee FTE and student FTE for libraries on the Manoa campus. Because UH Hilo, UH West Oahu and the UH Community Colleges are primarily instructional, the costs of their libraries are directly allocated to instruction.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii	
Item No.	Item Description		

3.1.0 Indirect Cost Categories – Accumulation and Allocation. (Continued)

Alternative Method for Administrative Costs

UH will elect to claim a fixed allowance for the administration portion of F&A costs as permitted under OMB Circular A-21 Section G.9.a. whenever it is in the best interests of the University. UH will continue to elect this option unless: 1) there has been a change in accounting or cost allocation methods with the effects described under OMB Circular A-21 Section G.8.d. or 2) when it would be more advantageous for UH to compute the administration components of the F&A cost rate.

3.2.0 Service Centers.

c. Lab Animal Services

(6) Credit variances will be used to cover costs for maintaining animal care facilities in compliance with Federal regulations.

d. Other Service Centers

Service Center	(1)	(2)	(3)	(4)	(5)	(6)
University of Hawaii Bookstores	C	C	Y	A	A	Y
Duplicating Services	C	C	D	A	A	Y
Mail Services	C	C	D	A	A	Y
Telecommunication Services	C	C	C	A	A	Y
Transportation Services	C	C	Y	A	A	Y
IFA Administrative Recharge System	A	C	C	A	A	B
IFA Computer Services Recharge System	A	C	C	A	A	B
IFA Job Order Services	A	A	C	A	A	B
IFA Mauna Kea Midlevel Facility	A	A	C	A	A	B
SOEST Computing Support Facility	C	A	C	A	A	B
SOEST Engineering Support Facility	A	A	C	A	A	B
SOEST Ship Operations Facility	A	A	C	B	A	Y

UH Bookstore

(3) Amounts charged for goods and services are at established catalog or market prices.

(6) Bookstore is an enterprise fund and must be self-supporting through the revenues collected.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.2.0 Service Centers. (Continued)

Duplicating/Mail Services

- (6) No variances are expected because Duplicating/Mail Services is funded through State appropriations and may not spend more than its budget. Services are rendered on a cost reimbursement basis.

Telecommunication Services

- (6) As discussed in Part 1.5.0, because the telecommunications system was funded with State revenue bonds, a portion of the variance is used to fund reserves for debt service and future repairs and replacement of the system as described in the state bond system covenants.

Transportation Services

- (3) Rates for maintenance services and fuel are based on a combination of historical and projected costs. When it is necessary to use outside services for repairs and maintenance, the actual costs are charged.
- (6) The depreciation expense claimed in the Fleet Management Program is set aside to fund a motor vehicle replacement reserve. The Program is voluntary and is intended for use by institutional users. All other users, including sponsored agreements, use the regular program, which does not create a reserve.

SOEST Ship Operations

- (4) Outside users, not affiliated with UH or its sponsors, are charged higher rates for use of Ship Operations. They are charged at the standard billing rates plus 5%.
- (5) Per SOEST's annual ship agreement with the National Science Foundation, SOEST must accumulate reserves for major overhaul of its three ships.

Specialized Service Facilities

IFA Job Order Services

IFA Job Order Services (JOS) was established to provide a unique payroll distribution system in support of IFA's instrumentation, development, operation, maintenance, and repair of scientific instruments and research facilities.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

IFA Job Order Services (Continued)

IFA uses three major cost groupings to record costs associated with providing engineering and technical services:

Manoa - JOS service centers supporting IFA research programs at the Manoa campus.

Maui - JOS service centers supporting IFA research programs on the island of Maui including telescope operations on Haleakala.

Hawaii - JOS service centers supporting research programs on the island of Hawaii including telescope operations on Mauna Kea.

JOS service centers include mechanical and electronic engineers, software engineers and programmers, mechanical and electronic technicians, and telescope operators. Services are charged directly to benefiting projects based on timesheets that reflect actual services rendered. Hourly labor rates used to compute charges are negotiated with ONR. Variances are carried forward as adjustments to billing rates of future periods with the intent of achieving break-even over time.

IFA Mauna Kea Midlevel Facility

The Mauna Kea Midlevel Facility (MKSS) operates under a user agreement among the University of Hawaii (UH), Joint Astronomy Center (JAC), Canada-France-Hawaii Telescope Corporation (CFHT), and the California Institute of Technology (CalTech). The facility, located on the summit of Mauna Kea volcano, provides food and lodging and other services related to the operation of the users' observatories.

IFA uses ten cost centers to account for MKSS operations:

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

IFA Mauna Kea Midlevel Facility (Continued)

Cost Center	Description	Charging Method
Food & Lodging	Costs of providing food and lodging to visiting scientists	Charged to users based on projected number of room nights subject to adjustment based on actual usage; Extra meals are charged separately on invoice.
Utilities	Costs of providing gas, diesel, water, electricity and emergency services	Gas, diesel, water, & electricity charged on actual use; Emergency services shared equally by UH, JAC, CFHT, CalTech & Keck Observatories
Weekend Guide Service	Costs of providing guides for the Visitor Center. Services are provided to public free of charge.	75% borne by State of Hawaii; Remaining 25% shared equally by UH, JAC, CFHT & CalTech
Auxiliary Service	Accumulates annual depreciation for vehicles in motor pool to fund vehicle replacements. Depreciation is computed over three year life.	Shared equally by UH, JAC, CFHT, & CalTech
Library	Costs of providing research materials for visiting scientists	Shared equally by UH, JAC, CFHT, & CalTech
General Administration	Costs of administrative support for the facility	Allocated to other cost centers by MTDC
Road Maintenance	Costs of clearing the roads to the summit of debris and grading unpaved roads	Shared equally by UH, JAC, CFHT, CalTech & Keck Observatories
Snow Removal	Costs of providing snow removal services on the summit during the winter	Shared equally by UH, JAC, CFHT, CalTech & Keck Observatories

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

IFA Mauna Kea Midlevel Facility (Continued)

Cost Center	Description	Charging Method
Support Services	Costs of offices and laboratories built at the facility for specific users	Charged to specific users based on square footage used
Special Services	Administrative costs related to the Keck Corporation	Charged directly to Keck Corporation

The users share in the cost of the services based on annual budgeted amounts for each cost center according to the charging methods summarized above. Other costs are billed to users based on actual usage as summarized above. Some costs are directly charged as summarized above. Variances are carried forward as adjustments to billing rates of future periods with the intent of achieving break-even over time.

SOEST Ship Operations Facility

SOEST operates three research vessels and their attendant shore support facilities. In addition, SOEST operates a technical support group for scientists using the research vessel Moana Wave. Finally, SOEST operates a technical support group that specializes in seafloor mapping systems and the acquisition and processing of data acquired at sea. Together these operations form the SOEST Ship Operations Facility.

SOEST uses nine cost centers to account for the ship operations:

Cost Center	Description	Charging Method
Ship Operations - Kila	All direct expenses related to the vessel Kila such as salaries and wages, fuel and oil, repairs and maintenance, major overhaul, food, and insurance.	Charged to project based on projected number of ship days to be used at daily ship rate and adjusted for actual usage.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

SOEST Ship Operations Facility (Continued)

Cost Center	Description	Charging Method
Ship Operations - Moana Wave	All direct expenses related to the vessel Moana Wave such as salaries and wages, fuel and oil, repairs and maintenance, major overhaul, food, and insurance.	Charged to project based on projected number of ship days to be used at daily ship rate and adjusted for actual usage.
Ship Operations - Kaimikai O Kanaloa	All direct expenses related to the vessel Kaimikai-O-Kanaloa such as salaries and wages, fuel and oil, repairs and maintenance, major overhaul, food, and insurance.	Charged to project based on projected number of ship days to be used at daily ship rate and adjusted for actual usage.
Ship Operations - Ship Usage	Represents revenue generated by each ship.	N/A
Ship Operations - Shore Support	All direct expenses related to the vessel machine shop and engineering facility as well as the administrative building. Includes the salaries of the Marine Superintendent, port operations manager, port engineer, purchasing agent, office manager, and machine shop personnel.	Costs of work performed on vessels is factored into the daily ship rate computation; Costs of work performed for outside users or other UH/RCUH customers is transferred to the Marine Expeditionary Center revolving fund
Ship Operations - Scheduling & Logistics	Salary of secretary and her travel costs incurred to plan and arrange ship schedules.	Costs are factored into the daily ship rate computation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

SOEST Ship Operations Facility (Continued)

Cost Center	Description	Charging Method
Ship Operations - Communication Center	Salary of technician that maintains communication with ships when they are underway, plans and performs necessary electronics maintenance and upgrade work, and prepares equipment lists and other information for scientific proposals.	Costs are factored into the daily ship rate computation
Ship Operations - Snug Harbor	Expenses of the harbor facility such as salaries, electricity, security, repair and maintenance, and equipment.	Costs are factored into the daily ship rate computation
Ship Operations Reserve	Accrual account for: 1) Major maintenance and shipyard overhaul costs and 2) for vacation and accumulated time off.	Payments into the accrual account are factored into the daily ship rate computation

SOEST uses four cost centers to account for the marine technicians:

Cost Center	Description	Charging Method
Shipboard Technical Assistance Group (STAG)	Costs of personnel engaged in direct support of scientific data acquisition at sea, including operations and maintenance of instrumentation, processing of data, and management and maintenance of a substantial inventory of scientific equipment for readiness at sea.	Costs are factored into computation of technician hourly rate.
Data Archive	Costs of archivists whose job is to digitize, microfilm, and format data acquired at sea for cataloging purposes. Also, provides technical support to STAG and support to ESE below.	Costs are factored into computation of technician hourly rate.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

SOEST Ship Operations Facility (Continued)

Cost Center	Description	Charging Method
Expendable Supplies and Equipment (ESE)	Costs directly related to the operation, maintenance and repair of instrumentation and equipment used in data acquisition, processing and transmission.	Costs are factored into computation of technician hourly rate; Certain items of equipment are charged using a day rate
Shipboard Development	Costs directly related to the operation of the Core Lab and the provision of technical support to Core Lab users.	Costs are factored into computation of technician hourly rate.

SOEST uses four cost centers to account for the Hawaii Mapping Research Group:

Cost Center	Description	Charging Method
Operations	Costs of operating the specialized sea mapping equipment including salaries of technicians, researchers, software engineers, repairs and maintenance, equipment depreciation, and supplies.	Equipment is charged at actual usage using a day rate; Personnel are charged based on hourly effort an hourly rate.
IRIS Plotter	Costs of operating the IRIS color plotter to produce publication quality images of data and revenue received therefrom.	Charged based on actual usage using recharge rates
Administration	Costs of planning and arranging schedules for mapper use including salaries of administrative specialist and logistics coordinator.	Charged based on hourly effort on an hourly rate.
HMRG Income	Records all income received for use of the mapper and for recharge of labor.	N/A

Variations are carried forward as adjustments to billing rates of future periods with the intent of achieving break-even over time.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

SOEST Engineering Support Facility

The Engineering Support Facility (ESF) provides highly specialized engineering services to UH, RCUH, and outside customers.

SOEST uses eight cost centers to account for ESF operations:

Cost Center	Description	Charging Method
Mechanical and Electrical Engineering	Costs associated with engineering design services and consulting	Charged using direct labor hours and negotiated labor rates
Software Engineering	Costs associated with software development specific to the operation and control of equipment	Charged using direct labor hours and negotiated labor rates
Machine Shop	Costs associated with precision machining for instrumentation development and repair	Charged using direct labor hours and negotiated labor rates
Technical Support	Costs associated with providing services of electronic and mechanical technicians	Charged using direct labor hours and negotiated labor rates
Student Technicians	Costs associated with providing services of student technicians	Charged using direct labor hours and negotiated labor rates
Administration and Operations	General facility support; Includes salaries of ESF manager, administrative assistant, buyer, administrative student assistants, office supplies, communications, and other costs	Pro rata distribution to other costs centers for computation of labor rates

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

SOEST Engineering Support Facility (Continued)

Cost Center	Description	Charging Method
Mechanical and Electrical Engineering	Costs associated with engineering design services and consulting	Charged using direct labor hours and negotiated labor rates
Software Engineering	Costs associated with software development specific to the operation and control of equipment	Charged using direct labor hours and negotiated labor rates

Procured equipment, materials, and supplies are charged to users at actual cost. Variances are carried forward as adjustments to billing rates of future periods with the intent of achieving break-even over time.

SOEST Research Computer Facility

The Research Computer Facility (RCF) provides computing and information processing services to SOEST faculty and other users in the academic community. RCF's primary function is to provide and maintain an extensive electronic network. It also provides systems design and analysis and software development services, technical support, and access to SOEST peripherals.

SOEST uses four cost centers to account for RCF operations:

Cost Center	Description	Charging Method
Network Services	Costs and revenue associated with managing installing, and maintaining computer networks and providing technical support to users	Charged to users via access fees; technical support is charged using direct labor rates; Materials used are charged at actual cost

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.2.0 Service Centers. (Continued)

Specialized Service Facilities (Continued)

SOEST Research Computer Facility (Continued)

Cost Center	Description	Charging Method
Software Development	Costs and revenue associated with providing scientific applications programming	Charged to users on direct labor hours using negotiated labor rates
Peripheral Equipment	Costs and revenue associated with operating and providing access to an array of printers, plotters, copiers, and other computer driven equipment on the network	Charged to users based on actual usage using negotiated rates for the type of equipment used
PGD Computer Network	Costs and revenue associated with managing, installing, and maintaining computer networks and providing technical support to users of the Planetary Geosciences Division of the Hawaii Institute of Geophysics and Planetology.	Charged to users via access fees; technical support is charged using direct labor rates; Materials used are charged at actual cost

Administrative costs for entire facility are recorded in Network Services cost center because this cost center is the primary beneficiary of administrative services and the effect on the other cost centers is immaterial. Variances are carried forward as adjustments to billing rates of future periods with the intent of achieving break-even over time.

Item No.	Item Description
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3.2.0 Service Centers (Continued)

UH Revolving Funds Administered by RCUH

Following is a listing of the UH revolving funds administered by RCUH that have less than \$250,000 of revenues during a fiscal year or are predominantly used by Federal awards. The list is dated September 29, 1995 and may not include all current revolving funds.

Service Center	(1)	(2)	(3)	(4)	(5)	(6)
PACCOM	A	A	C	A	A	B
HIG Publication Services	A	A	C	A	A	B
Electron Microprobe Services	A	A	C	A	A	B
Data Resources Revolving Account	A	A	C	A	A	B
Hawaii Research Irradiator	A	A	C	A	A	B
HIG Isotopic Analysis Facility	A	A	C	A	A	B
Monoclonal Antibody Service Facility	A	A	C	A	A	B
Anatomy Electron Microscope	A	A	C	A	A	B
Biological Electron Microscope	A	A	C	A	A	B
Mariculture Research Training Center	A	A	C	A	A	B
Chemistry Dept. Research Services	A	A	C	A	A	B
Geoanalytical Facilities	A	A	C	A	A	B
Look Laboratory Operations	A	A	C	A	A	B
Biotechnology-Molecular Biology	A	A	C	A	A	B
Pesticide Analysis	A	A	C	A	A	B
Wildlife Analytical Services	A	A	C	A	A	B
SOEST Radioanalytical Facility	A	A	C	A	A	B
Spectroscopic Services	A	A	C	A	A	B
SOEST Electron Microscope	A	A	C	A	A	B
SOEST Stable Isotope Analysis	A	A	C	A	A	B
SOEST Atomic Force Microscope	A	A	C	A	A	B
Carbon-Hydrogen-Nitrogen Analyzer	A	A	C	A	A	B
Pacific Research Services	A	A	C	A	A	B
Pacific Telecommunication Services	A	A	C	A	A	B
Analytical Service Laboratory	A	A	C	A	A	B
NIFTAL Outreach Services	A	A	C	A	A	B

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Item No.	Item Description		

3.2.0 Service Centers (Continued)

UH Revolving Funds Administered by RCUH (Continued)

Service Center	(1)	(2)	(3)	(4)	(5)	(6)
Marine Science & Technology	A	A	C	A	A	B
Hawaii International Program	A	A	C	A	A	B
Rehab. Training & Technical Assistance	A	A	C	A	A	B
Rehab. Data Analysis	A	A	C	A	A	B
HIMB Boat Operations	A	A	C	A	A	B
Faculty Development Int'l Business	A	A	C	A	A	B
HOT-JGOFS Projects	A	A	C	A	A	B
Planetary Systems (TOPS) Conference	A	A	C	A	A	B
Geology & Geophysics	A	A	C	A	A	B
Ultraviolet Radiation	A	A	C	A	A	B
UH Cryogenic Support Facility	A	A	C	A	A	B
Manufacturing of Diamond	A	A	C	A	A	B
ICP-MS (Induc. Coupled Pla	A	A	C	A	A	B
HI Ed. & Res. Network	A	A	C	A	A	B
Cray EL-92	A	A	C	A	A	B
Nutritional Support Shared	A	A	C	A	A	B
Annual HI Conservation Conference	A	A	C	A	A	B
Marine Micromolluscan Fauna	A	A	C	A	A	B
Medex Group Training Courses	A	A	C	A	A	B
Cara Construction Camp Rental	A	A	C	A	A	B
BNF Business Account	A	A	C	A	A	B
Analytical Lav Research Service	A	A	C	A	A	B
Western Curr Coord Ctr	A	A	C	A	A	B
Scientific Computer Systems Support	A	A	C	A	A	B

3.3.0 Indirect Cost Pools and Allocation Bases

B. Organized Research

As discussed in Part 2.1.0, UH computes a separate organized research F&A cost rate for the Institute For Astronomy.

As discussed in Part 1.1.0, UH computes RCUH's direct projects F&A cost rate.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.4.0 Composition of Indirect Cost Pools

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
Building Use Allowance	UH Manoa and Manoa based facilities ¹	By building	2% Use allowance on capitalized construction costs and major repairs & renovations net of federal funds and unallowable costs
Equipment Use Allowance <i>Non-computer equipment</i>	UH Manoa and Manoa based facilities	By building	6 ² / ₃ % Use allowance on non-computer equipment purchased with state general funds or research & training revolving funds
<i>Computer Equipment</i>	UH Manoa and Manoa based facilities	By building	16 ² / ₃ % Depreciation on computer equipment purchased with state general funds or research & training revolving funds, net of fully depreciated assets
Fixed Equipment Use Allowance	UH Manoa and Manoa based facilities	By building	6 ² / ₃ % Use allowance on fixed equipment net of federal funds and unallowable costs
Capital Improvements to Land	UH Manoa and Manoa based facilities	By location	2% Use allowance on capitalized construction costs and major repairs & renovations net of federal funds and unallowable costs
Interest	UH Manoa and Manoa based facilities	By building	Amortized interest on bonds used to acquire Sherman Laboratory

¹ Manoa and Manoa based facilities include buildings located on the UH Manoa Campus and various research and training facilities located throughout the islands of Oahu, Maui, Kauai, and Hawaii that are organized under UH Manoa schools, departments or research units.

Item No.	Item Description
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3.4.0 Composition of Indirect Cost Pools (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
Operations and Maintenance	Community Colleges (including Community College Administration & Employment Training Office)	By campus	Allowable utilities, custodial & grounds maintenance, general repairs & maintenance expenditures
	UH Hilo UH West Oahu	By campus	Allowable utilities, custodial & grounds maintenance, general repairs & maintenance expenditures
	UH Manoa and Manoa based facilities	By benefiting functions or activities	Allowable utilities, custodial & grounds maintenance, general repairs & maintenance, security, environmental health & safety expenditures
	Non-capitalized repairs & renovations	By building	Allowable repairs and maintenance expenditures for UH Manoa and Manoa based facilities which are expensed because they do not meet UH's major repairs & renovation capitalization threshold

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.4.0 Composition of Indirect Cost Pools (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
General Administration	Systemwide by benefiting functions or activities	Systemwide	Allowable costs of UH's President, Board of Regents, financial management, business services, budget and planning, & management information system offices
		Manoa - All Activities	Allowable costs of UH's centralized mail, telecommunications, & auxiliary services for the Manoa campus
		Manoa - General Fund	Allowable costs of UH's centralized duplicating services primarily used by general fund users on the Manoa campus
		UH Disbursing Office, Office Of Human Resources (f.k.a . Personnel) and Office of Procurement, Property & Risk Management (f.k.a. PPMO)	Allowable costs for UH's centralized disbursing, personnel, and procurement, property, & risk management offices allocable to UH activities but not RCUH
		Computing Center	Allowable costs of UH's Computing Center allocable to general fund users
		Systemwide Computer Consortium	Allowable costs of UH's Systemwide Computer Consortium allocable to its users
		State of Hawaii Services	UH's portion of the State of Hawaii's allowable central system office costs allocable to Federal grants and contracts
		RCUH Administrative Expenditures	Allowable salaries, fringe benefits, office supplies, office rent, telephone, and use allowance including post retirement benefits charges & insurance allocable to RCUH service ordered projects, UH specialized service facilities/revolving funds administered by RCUH, & RCUH direct projects

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.4.0 Composition of Indirect Cost Pools (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
Departmental Administration	Systemwide by campus group	Systemwide	Salaries, fringe benefits, office supplies, telephone costs, postage, etc. of vocational education administration
		UH Manoa ²	Salaries, fringe benefits, office supplies, telephone costs, postage, etc. of Manoa academic dean's offices; Manoa academic department DA derived from DCE
		UH Hilo/West Oahu	Salaries, fringe benefits, office supplies, telephone costs, postage, etc. of UH Hilo/West Oahu academic dean's offices
		Community Colleges	Salaries, fringe benefits, office supplies, telephone costs, postage, etc. of Community College academic dean's offices

² UH uses a modified Direct Charge Equivalent (DCE) based on the DHHS preferred methodology. Refer to Part 2.1.0 for a discussion on UH's DCE methodology.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii	
Item No.	Item Description		

3.4.0 Composition of Indirect Cost Pools (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
Sponsored Projects Administration	Systemwide by function	Office of Research Services	Salaries, fringe benefits, office supplies, telephone costs, postage, etc. of the management of extramural agreements
		External Auditor Fees	Allowable costs of the A-133 compliance audit related to federal grants and contracts compliance; Allowable costs for grants and contracts management consulting

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.4.0 Composition of Indirect Cost Pools (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
Library	UH Manoa Campus	Undergraduate students	Salaries, fringe benefits, books, periodicals, office supplies, telephone costs, postage, etc. net of federal funds allocable to undergraduate students
		Graduate students	Salaries, fringe benefits, books, periodicals, office supplies, telephone costs, postage, etc. net of federal funds allocable to graduate students
		Professionals	Salaries, fringe benefits, books, periodicals, office supplies, telephone costs, postage, etc. net of federal funds allocable to faculty and staff
		Other users	Salaries, fringe benefits, books, periodicals, office supplies, telephone costs, postage, etc. net of federal funds allocable to the general public
	Non-UH Manoa libraries	Hilo, West Oahu, & Community Colleges	Salaries, fringe benefits, books, periodicals, office supplies, telephone costs, postage, etc. net of federal funds

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.4.0 Composition of Indirect Cost Pools (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Elements of Cost
Student Services	Systemwide by benefiting functions or activities	Systemwide	Salaries, fringe benefits, office supplies, telephone, postage, etc. associated with student financial aid administration
		Manoa	Salaries, fringe benefits, office supplies, telephone, postage, etc. of the admission & records, career placement, counseling & testing offices for UH Manoa
		Hilo & West Oahu	Salaries, fringe benefits, office supplies, telephone, postage, etc. of the admission & records, career placement, counseling & testing offices for UH Hilo/West Oahu
		Community Colleges	Salaries, fringe benefits, office supplies, telephone, postage, etc. of the admission & records, career placement, counseling & testing offices for the Community Colleges
		Manoa Student Health Services	Salaries, fringe benefits, medical supplies, office supplies, telephone, postage, etc. of the Manoa student health services office allocable to Manoa students
		Manoa Student Employment Office	Salaries, fringe benefits, office supplies, telephone, postage, etc. of the Manoa student employment office allocable to Manoa students
		Manoa Graduate Division	Salaries, fringe benefits, office supplies, telephone, postage, etc. of the graduate division office allocable to Manoa graduate students

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
Item No.	Item Description	

3.5.0 Composition of Allocation Bases

Allocation Base	Allocation Base Components
Direct Charge	The particular function or activity to which a cost has a direct relationship
Modified Total Direct Cost ³	Salaries and wages Fringe benefits Materials and supplies Services Travel First \$25,000 of each subgrant or subcontract Other direct costs
Salaries and Wages	Salaries and wages of regular employees, lecturers, and nonregular employees of the departments or colleges that benefit from the indirect cost activity
Number of Employees (full-time equivalent basis)	Full-time equivalents ⁴ of faculty, researchers, specialists, librarians, extension agents, administrative, professional & technical personnel (APT), executives/managers, graduate assistants, and civil servants
Number of Students (full-time equivalent basis)	Full-time equivalents based on total undergraduate student semester hours divided by 15 (full-time status) and total graduate student semester hours divided by 12 (full-time status)
Square Footage	(1) Surveyed buildings. Thirty-two buildings which comprise approximately 80% of UH's organized research are surveyed. This biennial field study involves the certification of space assignments to major functions by authorized departmental representatives. (2) Non-surveyed buildings with square footage allocated by the salaries & wages of employees within the departments occupying the buildings. (3) Rooms or buildings that can be directly assigned to a single function. (4) Buildings where performance of activities occur simultaneously in the same space -- square footage allocated by salaries & wages of employees within the departments jointly occupying the building space.

³ UH excludes from modified total direct costs specialized service facilities (SSF) charges because a separate F&A cost rate is developed for each SSF. The SSF's are SOEST Computing Facility, SOEST Engineering Facility, SOEST Ship Operations, and IFA Mauna Kea Midlevel Facility.

⁴ UH computes employee FTE by adding each individual's percentage of time employed on a regular appointment from all sources of funds. The maximum FTE for an individual should not exceed 1.0 FTE. For F&A cost study purposes, UH uses employee FTE for the Manoa campus and assigns the FTE to benefiting functions using the salaries and wages of employees on the Manoa campus.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.5.0 Composition of Allocation Bases (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Allocation Base
Building Use Allowance	UH Manoa and Manoa based facilities	By building	Bldg used for single function - direct alloc. to that function Bldg used for multiple functions - rooms where performance of activit(ies) can be identified w/ specific areas of space are allocated by sq. ft. Bldg with rooms that have joint use - rooms where performance of activities occur simultaneously in the same space are allocated by Salaries & Wages
Equipment Use Allowance	UH Manoa and Manoa based facilities	By building	Same as above.
<i>Non-computer equipment</i>			
<i>Computer Equipment</i>	UH Manoa and Manoa based facilities	By building	Same as above.
Fixed Equipment Use Allowance	UH Manoa and Manoa based facilities	By building	Same as above.
Capital Improvements to Land	UH Manoa and Manoa based facilities	By location	Allocated by FTE, except for off-campus bldgs, which are allocated by Salaries & Wages
Interest	UH Manoa and Manoa based facilities	By building	based on the functionalized sq. ft. data of Sherman Lab

Item No.	Item Description
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3.5.0 Composition of Allocation Bases (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Allocation Base	
Operations and Maintenance	Community Colleges (including Community College Administration & Employment Training Office)	By campus	by Salaries & Wages	
	UH Hilo UH West Oahu	By campus	by Salaries & Wages	
	UH Manoa and Manoa based facilities	Utilities provided by FPMO for Manoa based bldgs		by sq. ft. or by Salaries & Wages when no space statistics are available
		Mauka Campus-Custodial & Grounds Maint. serviced by FPMO		Same as above.
		Makai Campus-Custodial & Grounds Maint. serviced by FPMO		Same as above.
		Other Rep & Maint serviced by FPMO		Same as above.
		Security/Env Hlth & Safety		Same as above.
	Non-capitalized repairs & renovations	By building		by Space; bldgs w/o space stats and those w/ joint use are spread by Salaries & Wages

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET University of Hawaii
Item No.	Item Description

3.5.0 Composition of Allocation Bases (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Allocation Base
General Administration	Systemwide by benefiting functions or activities	Systemwide	by MTDC
		Manoa - All Activities	by MTDC
		Manoa - General Fund	by MTDC
		UH Disbursing Office, Office of Human Resources (f.k.a. Personnel) and Office of Procurement, Property & Risk Management (f.k.a. PPMO)	by MTDC less RCUH service ordered projects
		Computing Center	by MTDC of general fund users
		Systemwide Computer Consortium	by MTDC of its users
		State of Hawaii Services	by MTDC
		RCUH Administrative Expenditures	by MTDC of RCUH service ordered projects, UH specialized service facilities/revolving funds administered by RCUH, & RCUH direct projects
Departmental Administration	Systemwide by campus group	Systemwide	by MTDC
		UH Manoa	by MTDC
		UH Hilo/West Oahu	by MTDC
		Community Colleges	by MTDC
Sponsored Projects Administration	Systemwide by function	Governmental Accounting & Cost Studies Office (f.k.a. CGMO)	by MTDC of sponsored projects
		Other SPA Expenditures (Office of Research Administration)	by MTDC of sponsored projects
		External Auditor Fees	by MTDC of sponsored projects

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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3.5.0 Composition of Allocation Bases (Continued)

Indirect Cost Pool	Major Organizational Components	Subgrouping of Expenses	Allocation Base
Library	UH Manoa Campus	Undergraduate students	100% to Instruction
		Graduate students	100% to Instruction
		Graduate assistants	by FTE based on Graduate Assistant Salaries & Wages
		Professionals	by FTE (less APT, Managerial/Executive & other prof. who don't use the library)
		Other users	by FTE based on calculation of circulation survey; 100% to Other Institutional Activities
	Non-UH Manoa libraries	Hilo, West Oahu, & Community Colleges	100% to Instruction
Student Services	Systemwide by benefiting functions or activities	Systemwide	100% to Instruction
		Manoa	100% to Instruction
		Hilo & West Oahu	100% to Instruction
		Community Colleges	100% to Instruction
		Manoa Student Health Services	by FTE, Grad. & Undergrad. (Manoa only)
		Manoa Student Employment Office	by FTE based on Student Salaries & Wages (Manoa only)
		Manoa Graduate Division	by FTE, Grad. only (Manoa only)

- End of Part -

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

PART IV - DEPRECIATION AND USE ALLOWANCES

University of Hawaii

Item No.	Item Description																																																											
4.1.0	<p><u>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (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 the 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.)</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Depreciation Method</th> <th style="text-align: center; border-bottom: 1px solid black;">Useful Life</th> <th style="text-align: center; border-bottom: 1px solid black;">Property Unit</th> <th style="text-align: center; border-bottom: 1px solid black;">Residual Value</th> </tr> <tr> <th style="text-align: left;"><u>Asset Category</u></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> </tr> </thead> <tbody> <tr> <td>(a) Land Improvements</td> <td style="text-align: center;"><u> C </u></td> <td style="text-align: center;"><u> D </u></td> <td style="text-align: center;"><u> A </u></td> <td style="text-align: center;"><u> B </u></td> </tr> <tr> <td>(b) Buildings</td> <td style="text-align: center;"><u> C </u></td> <td style="text-align: center;"><u> D </u></td> <td style="text-align: center;"><u> A </u></td> <td style="text-align: center;"><u> B </u></td> </tr> <tr> <td>(c) Building Improvements</td> <td style="text-align: center;"><u> C </u></td> <td style="text-align: center;"><u> D </u></td> <td style="text-align: center;"><u> A </u></td> <td style="text-align: center;"><u> B </u></td> </tr> <tr> <td>(d) Leasehold Improvements</td> <td style="text-align: center;"><u> Z </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td>(e) Equipment</td> <td style="text-align: center;"><u> C </u></td> <td style="text-align: center;"><u> D </u></td> <td style="text-align: center;"><u> A </u></td> <td style="text-align: center;"><u> B </u></td> </tr> <tr> <td>(f) Furniture and Fixtures</td> <td style="text-align: center;"><u> Z </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td>(g) Automobiles and Trucks</td> <td style="text-align: center;"><u> Z </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td>(h) Tools</td> <td style="text-align: center;"><u> Z </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td>(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)</td> <td style="text-align: center;"><u> Y </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> <td style="text-align: center;"><u> </u></td> </tr> </tbody> </table> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>Column (1) - Depreciation Method Code</u> A. Straight Line B. Expensed at Acquisition C. Use Allowance Y. Other or more than one method ¹</p> </td> <td style="width: 50%; vertical-align: top;"> <p><u>Column (2) - Useful Life Code</u> A. Replacement Experience B. Term of Lease C. Estimated Service Life D. As prescribed for use allowance by Office of Management and Budget Circular No. A-21 Y. Other or more than one method ¹</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p><u>Column (3) - Property Unit Code</u> 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</p> </td> <td style="vertical-align: top;"> <p><u>Column (4) - Residual Value Code</u> A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method ¹</p> </td> </tr> </table> <p>¹ Describe on a Continuation Sheet.</p>		Depreciation Method	Useful Life	Property Unit	Residual Value	<u>Asset Category</u>	(1)	(2)	(3)	(4)	(a) Land Improvements	<u> C </u>	<u> D </u>	<u> A </u>	<u> B </u>	(b) Buildings	<u> C </u>	<u> D </u>	<u> A </u>	<u> B </u>	(c) Building Improvements	<u> C </u>	<u> D </u>	<u> A </u>	<u> B </u>	(d) Leasehold Improvements	<u> Z </u>	<u> </u>	<u> </u>	<u> </u>	(e) Equipment	<u> C </u>	<u> D </u>	<u> A </u>	<u> B </u>	(f) Furniture and Fixtures	<u> Z </u>	<u> </u>	<u> </u>	<u> </u>	(g) Automobiles and Trucks	<u> Z </u>	<u> </u>	<u> </u>	<u> </u>	(h) Tools	<u> Z </u>	<u> </u>	<u> </u>	<u> </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> Y </u>	<u> </u>	<u> </u>	<u> </u>	<p><u>Column (1) - Depreciation Method Code</u> A. Straight Line B. 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COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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PART IV - DEPRECIATION AND USE ALLOWANCES

University of Hawaii

Item No.	Item Description
4.1.1	<p>Asset Valuations and Useful Lives. Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)</p> <p>A. _____ Yes B. <u> X </u> No ¹</p>
4.2.0	<p>Fully Depreciated Assets. Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)</p> <p>A. _____ Yes B. <u> X </u> No</p>
4.3.0	<p>Treatment of Gains and Losses on Disposition of Depreciable Property. Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. _____ Excluded from determination of sponsored agreement costs B. _____ Credited or charged currently to the same pools to which the depreciation of the assets was originally charged C. <u> X </u> Taken into consideration in the depreciation cost basis of the new items, where the trade-in is involved D. _____ Not accounted for separately, but reflected in the depreciation reserve account Y. _____ Other(s) ¹ Z. _____ Not Applicable</p>
4.4.0	<p>Criteria for Capitalization. (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount <u> 500 </u> B. Minimum Life Years <u> 2 </u></p>
4.5.0	<p>Group or Mass Purchase. Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one)</p> <p>A. <u> X </u> Yes ¹ B. _____ No</p> <p>¹ Describe on a Continuation Sheet.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii		
Item No.	Item Description			

4.1.0 Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives

<u>Asset Category</u>	<u>Depreciation Method</u> (1)	<u>Useful Life</u> (2)	<u>Property Unit</u> (3)	<u>Residual Value</u> (4)
Computer equipment	A	C	A	B

4.1.1 Asset Valuation and Useful Lives

UH does not record depreciation or use allowance for financial statement purposes. However, for purposes of computing F&A cost rates, depreciation and use allowance are calculated.

RCUH

For financial statement and F&A cost study purposes, RCUH depreciates office equipment on the straight-line basis over six years.

4.4.0 Criteria for Capitalization

UH has a policy to capitalize major repairs and renovations that increase the utility of or extend the useful life of its physical plant if total project costs exceed \$100,000, except building reroofing where the capitalization threshold is set at more than \$50,000. UH also capitalizes improvements other than building if total project costs exceed \$100,000. UH defines improvements other than building, as all improvements not related specifically to individual buildings such as utility lines, streets, sidewalks, parking areas, etc.

NOTE: UH is preparing a formal request to increase the equipment capitalization threshold from \$500 to \$5,000 beginning in fiscal year 2000. Once UH has negotiated this change with its cognizant agency, it will revise the disclosure statement to read that UH has a policy to capitalize equipment costing \$5,000 or more and having a useful life of more than one year.

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4.5.0 Group or Mass Purchase

UH groups assets that individually cost less than \$500 and are not within the definition of inventoried assets. Such items are physically and functionally identical and have sufficient durability (over one year) and the total value of the items as a group justifies listing it as inventory control. Each item is removed from inventory as it becomes unusable, dilapidated or unaccounted for. These rules apply to UH Student Housing which is accounted for as an other institutional activity for F&A cost study purposes

RCUH

RCUH does not capitalize group or mass purchases of similar items, which individually are less that the capitalization amount indicated in Part 4.4.0.

- End of Part -

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PART V - OTHER COSTS AND CREDITS

University of Hawaii

Item No.	Item Description
	<p style="text-align: center;">Part V</p> <p>5.1.0 <u>Method of Charging Leave Costs.</u> 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))</p> <p>A. <input checked="" type="checkbox"/> Cash</p> <p>B. <input checked="" type="checkbox"/> Accrual ¹</p> <p>5.2.0 <u>Applicable Credits.</u> This item is directed at the treatment of “applicable credits” as defined in Section C of OMB Circular A-21 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.) (Indicate how the principle types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate</p> <p>B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect pool.</p> <p>C. <input type="checkbox"/> The credits/receipts are treated as income and are not offset against costs.</p> <p>D. <input checked="" type="checkbox"/> Combination of methods ¹</p> <p>Y. <input type="checkbox"/> Other ¹</p> <p>¹ Describe on a Continuation Sheet.</p>

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5.1.0 Method of Charging Leave Costs

UH has three different categories of employees that accrue vacation and sick leave credits under collective bargaining agreements: civil service, faculty on 11-month appointments (Researchers, Specialists and Agents) and administrative, professional and technical (APT). Upon termination, resignation or transfer of an employee, UH is responsible for paying the employee's unused accrued vacation credits. UH does not pay for any unused accrued sick leave credits.

UH charges leave costs to sponsored agreements using a hybrid method of cash and accrual basis accounting.

Cash Basis

When an employee takes vacation or sick leave while employed on a sponsored agreement, the project continues to be charged for the employee's salary on the cash basis and the employee's leave credits are reduced.

Accrual Basis

To ensure that funds are available to pay for any unused vacation earned by employees while working on sponsored agreements at termination, resignation or transfer, UH established an accrued vacation fund for each category of employees.

The accounts are funded through fringe benefit assessments on the eligible salaries and wages of employees working on sponsored agreements.

No accrued vacation fund assessments were made during the period from July 1, 1986 through October 30, 1995. Currently, by agreement with its cognizant agency, UH makes an assessment only on employees in the faculty category. There continues to be no assessment for the APT or civil service accrued vacation fund because there are sufficient funds in those accounts to cover current obligations.

RCUH

RCUH requires sponsored agreements to pay employees for any unused vacation when they transfer from one project to another with no break in service. Thus, there will be no accrued vacation liability when an employee terminates or resigns. RCUH does not pay for unused accrued sick leave credits.

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5.2.0 Applicable Credits

UH applies receipts such as purchase discounts and refunds of overpayments for goods and services against the specific direct costs or F&A costs to which they relate.

For F&A cost study purposes, UH prepares an analysis of revenue such as library fees and fines, vending machine commissions, etc. and cost of goods sold to be applied against the specific direct costs or F&A costs to which they relate.

RCUH

Revolving fund user fees are treated as income.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
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Item No.	Item Description
6.2.0	<p><u>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).</u> (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.)</p> <p>Z. <input type="checkbox"/> Not Applicable</p>
6.2.1	<p>Determination of Annual PRB Costs. (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p>
6.3.0	<p><u>Self-Insurance Programs (Employee Group Insurance.)</u> Cost of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When accrued (book accrued only) B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund C. <input type="checkbox"/> When contributions are made to a forfeitable fund D. <input type="checkbox"/> When the benefits are paid to an employee E. <input type="checkbox"/> When amounts are paid to an employee welfare plan Y. <input type="checkbox"/> Other or more than one method ¹ Z. <input checked="" type="checkbox"/> Not Applicable</p>
6.4.0	<p><u>Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)</u></p>
6.4.1	<p>Worker's Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When claims are paid or losses are incurred (no provisions for reserves) B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with the present value, of the liability D. <input type="checkbox"/> When funds are set aside or contributions are made to a fund Y. <input checked="" type="checkbox"/> Other or more than one method ¹ Z. <input type="checkbox"/> Not Applicable</p>

¹ Describe on a Continuation Sheet.

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6.4.2

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

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

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

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

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

Y. Other or more than one method ¹

Z. Not Applicable

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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6.2.0 Post Retirement Benefits Other Than Pensions (including post retirement health care benefits)

<u>Plan Name</u>	<u>Number of Employees Covered</u>	<u>Type of Employees Covered</u>
Retiree Health Fund	28,643 ⁵	Employees (except students; graduate assistants; supplemental salaries to faculty; and hourly employees with less than .50 full time equivalent and their dependents.

⁵ Number of Statewide participants in the fund as of December 31, 1995. Data for the number of participants by agency are not kept by the State Employees Health Fund system. Thus, the total number of UH retirees and dependents in the plan is unavailable.

RCUH

<u>Plan Name</u>	<u>Number of Employees Covered</u>	<u>Type of Employees Covered</u>
Retiree Medical & Life Insurance	7	All regular employees of RCUH.

6.2.1 Determination of Annual PRB Costs

Post retirement benefit costs are charged to sponsored agreements on the cash basis. As discussed in Part 2.6.0, sponsored agreements are charged for retiree health fund contributions through the use of a rate negotiated between the State and DHHS. The rate is computed by dividing the total projected Statewide retiree health fund contributions for the fiscal year by the total projected Statewide salaries and wages.

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6.2.1 Determination of Annual PRB Costs (Continued)

RCUH

As discussed in Part 2.6.0, contributions for health benefits are fixed at \$50.00 per month per covered employee. Retiree insurance premiums are based on the actual rates in effect at the time the premiums are paid. Both health and insurance benefits are not charged to projects but to RCUH administrative expenses.

6.4.1 Workers' Compensation and Liability

Workers' Compensation

UH maintains separate workers' compensation funds for institutionally funded, Federally funded and non-Federally funded employees. These accounts are funded through fringe benefit assessments as described under Part 2.6.0.

Claims for medical expenses by an employee working on a Federal sponsored agreement are paid from the Federal workers' compensation fund and the employee's salary is paid by the sponsored agreement.

Claims for medical expenses by an employee working on a non-Federal sponsored agreement are paid from the non-Federal workers' compensation fund and the employee's salary is paid by the sponsored agreement.

Claims for medical expenses by institutionally funded employees are paid from the institutional workers' compensation fund and the employee's salary is paid by institutional funds.

Temporary disability benefits are also handled in the manner described above, except that all medical expense claims are paid from the State temporary disability insurance fund.

Liability

UH is self-insured for the deductible portion of liability claims under the State risk management program. When losses are incurred, claims are paid by the State risk management revolving fund and are not recorded in UH's books. Thus, these costs are not allocated to projects.

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Item No.	Item Description	

6.4.1 Workers' Compensation and Liability (Continued)

Liability - Continued

Malpractice claims paid with insurance proceeds or through legislative appropriations are also paid by the State risk management revolving fund. However, UH operates a malpractice special fund to pay for costs arising from the defense and settlement of claims that are not funded through professional liability insurance or legislative appropriation. Costs are charged directly to the major function Affiliated Hospital for F&A cost study purposes.

Ship Operations

As discussed in Part 1.5.0, research vessels are specifically excluded from coverage under the State risk management program. As a result, SOEST purchases its own insurance and allocates it to projects in the following manner:

1. Research vessel insurance is included in the recharge rate for ship operations and has a \$10,000 deductible.
2. The portion of vessel insurance that covers a federally owned submarine is directly charged to projects.

In the event of loss, the deductible will be charged to the benefiting project accounts.

RCUH

RCUH is covered under the State risk management program. In addition, RCUH purchases coverage for the deductible portion (\$2,000,000) of the State program. RCUH is self-insured for the deductible portion (\$10,000) of purchased coverage. Premiums are not charged to final cost objectives, but are recorded as part of RCUH administrative expense.

6.4.2 Casualty Insurance

UH is self-insured for the deductible portion of casualty losses under the State risk management program. Claims up to \$10,000 are paid by the State risk management revolving fund. Claims over \$10,000 are paid by legislative appropriation. Claims paid with insurance proceeds are also paid by the State risk management revolving fund. These claims are not recorded on UH's books. Thus, these costs are not allocated to projects.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET University of Hawaii
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6.4.2 Casualty Insurance (Continued)

SOEST

As discussed in Part 1.5.0, research vessels are specifically excluded from coverage under the State risk management program. As a result, SOEST purchases its own insurance and allocates it to final cost objectives in the following manner:

1. Insurance premiums for marine equipment that is used in the water is charged directly to projects. The policy contains a deductible of \$1,000 per equipment item.
2. Insurance premiums associated with the SOEST scientific computing network is included in the recharge rate for computing services. The policy contains a deductible of \$250, except for hurricanes where the deductible increases to \$10,000.

In the event of loss, the deductible will be charged to the benefiting project accounts.

- End of Part -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VII – CENTRAL SYSTEM OR GROUP OFFICE
	University of Hawaii

Item No.	Item Description
	<p style="text-align: center;">DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE</p> <p>Instructions for Part VII</p> <p>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 administrating 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.</p> <p>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 all of the subordinate organizations administered by that group office.</p> <p>7.1.0 <u>Organizational Structure</u></p> <p>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.</p> <p>7.2.0 <u>Cost Accumulation and Allocation</u></p> <p>On a continuation sheet, please provide a brief description of:</p> <p>A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.</p> <p>B. How the costs of the services are identified and accumulated.</p> <p>C. The basis used to allocate the accumulated costs to the benefiting segments.</p> <p>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.</p> <p>E. Any fixed management fees that are charged to a segment(s) in lieu of a pro rata or allocation basis and the basis of such charges. If none, so state.</p>

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7.1.0 Organizational Structure.

Not applicable.

7.2.0 Cost Accumulation and Allocation.

Not applicable.

- End of Part -