

# Committee on Resources

## Full Committee

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### Witness Testimony

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
STATEMENT OF  
RICHARD G. SULLIVAN  
BRANCH CHIEF, COST ALLOCATION DIVISION

BEFORE THE  
RESOURCES COMMITTEE  
OF THE  
UNITED STATES HOUSE OF REPRESENTATIVES

HEARING  
ON  
CONTRACT SUPPORT COSTS

August 3, 1999

Good morning Mr. Chairman:

It is a pleasure to come before the House Resources Committee this morning to represent the Division of Cost Allocation (DCA), Program Support Center, Department of Health and Human Services. (HHS)

My name is Richard Sullivan. I am a branch chief in the DCA Washington Field office and am here to represent Mr. Charles J. Seed, Director of the Cost Allocation Division.

The DCA is part of the Program Support Center, an operating division of HHS, which was established in 1995 to provide centralized support services for HHS and other government agencies.

The DCA is responsible for negotiating indirect costs between the Federal Government and approximately 3,000 organizations. The negotiations involve more than \$12 billion a year in Federal program charges from State/local governments, universities and colleges, hospitals, and other nonprofit organizations. Many negotiations include reviews of complex specialized services such as computer facilities, libraries, pension funds, and labs. The DCA also is responsible for resolving audit findings on cost allocation plans and indirect cost rates; providing advice on accounting matters affecting grant programs; and assisting in

activities related to improving grantee accounting systems and developing Government-wide and Department-wide accounting policies, procedures, and regulations. The indirect cost rates HHS and other Federal agencies issue are accumulated centrally and distributed to 35 Federal government activities.

DCA operates through 4 field offices in New York, Washington, Dallas, and San Francisco. Our offices have established rates with fourteen Indian entities. Seven of these entities are subject to OMB Cost Principles for State and local governments. They include the:

- Kenaitze Indian Tribe
- Mount Sanford Tribal Consortium
- Ninilchik Village Tribal Council
- Seldovia Village Tribe
- Tanana IRA Native Council
- Native Village of Eyak Tribal Council
- Red Lake Band of Chippewa Indians (Minnesota)

There also are seven organizations that are subject to OMB Cost Principles for nonprofit organizations. These include the:

- Eastern Allusion Tribes, Inc
- Valdez Native Tribe
- Eight Northern Pueblos Council
- Five Sandoval Indian Pueblos, Inc
- Inter-Tribal Council, Inc
- American Indian Community House
- North American Indian Center of Boston

A recent GAO report states that there are 382 tribes and related tribal organizations with negotiated rates. Nearly all rate setting is performed by the Department of the Interior. DCA currently establishes rates for only 14 of these tribal entities and therefore plays only a minor role in this area.

I would be pleased to respond to any questions the members may have.

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