



# DIVISION OF RESEARCH

2133 Lee Building  
College Park, Maryland 20742-5125  
301.405.4175 TEL

OFFICE OF THE VICE PRESIDENT FOR RESEARCH

November 7, 2024

Mr. Steven Zuraf  
Branch Chief, Grants Finance and Administration Services  
Program Support Center  
U.S. Department of Health and Human Services  
7700 Wisconsin Avenue, Suite 2300  
Bethesda, MD 20857  
Email: [Steven.Zuraf@psc.hhs.gov](mailto:Steven.Zuraf@psc.hhs.gov)

Dear Mr. Zuraf:

On behalf of the University of Maryland, College Park, I respectfully submit the attached updated Cost Accounting Standards Board DS-2.

Also, I would appreciate your acknowledgement and/or confirmation of receipt of the amended revision.

Should you have any questions or require further information, please do not hesitate to contact me by email at [djclark@umd.edu](mailto:djclark@umd.edu) or by phone at 301-405-4282.

Sincerely,

Denise J. Clark  
Associate Vice President for Administration

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

**INDEX**

GENERAL INSTRUCTIONS -- Continuation Sheet.	(i)
COVER SHEET AND CERTIFICATION.....	C-1
PART I     General Information.....	I-1
PART II    Direct Costs.....	II-1
PART III   Indirect Costs.....	III-1
PART IV    Depreciation and Use Allowances.....	IV-1
PART V     Other Costs and Credits.....	V-1
PART VI    Deferred Compensation and Insurance Costs.....	VI-1
PART VII   Central System or Group Expenses.....	VII-1

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

**GENERAL INSTRUCTIONS**

1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).
2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a Central or Group office and are allocated to one or more segments performing under Federally sponsored agreements.
3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.
4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, and Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitted Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.
5. The Statement must be signed by an authorized signatory of the reporting unit.
6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment's (reporting unit's) cost accounting practices.
7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words "End of Part" should be inserted after the last entry.
8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference to the pertinent Disclosure Statement Part. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.
9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement to the Government (Also see 48 CFR 9903.202-3).
10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.

**COST ACCOUNTING STANDARDS BOARD  
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EDUCATIONAL INSTITUTIONS**

**GENERAL INSTRUCTIONS**

- 11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert "Revision Number" and "Effective Date" in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items which have been changed.**

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

**COVER SHEET AND CERTIFICATION  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

0.1	<p>Educational Institution</p> <p>(a) Name University of Maryland at College Park</p> <p>(b) Street Address Main Administration Building</p> <p>(c) City, State and ZIP Code College Park, Maryland 20742-5025</p> <p>(d) Campus College Park</p>
0.2	<p>Reporting Unit is: (Mark one.)</p> <p>A. _____ Independently Administered Public Institution</p> <p>B. _____ Independently Administered Nonprofit Institution</p> <p>C. <input checked="" type="checkbox"/> Administered as Part of a Public System</p> <p>D. _____ Administered as Part of a Nonprofit System</p> <p>E. _____ Other (Specify)</p>
0.3	<p>Official to Contact Concerning this Statement:</p> <p>(a) Mrs. Denise J. Clark, Associate Vice President for Administration 1-301-405-4282</p>
0.4	<p>Statement Type and Effective Date:</p> <p>A. (Mark type of submission. If a revision, enter number.)</p> <p>(a) _____ Original Statement</p> <p>(b) <input checked="" type="checkbox"/> Amended Statement; Revision No. 9</p> <p>B. Effective Date of this Statement: (Specify) <b><u>November 15, 2024</u></b></p>
0.5	<p>Statement Submitted To (Provide office name, location and telephone number, include area code and extension:</p> <p>A. Cognizant Federal Agency: <u>Department of Health and Human Services</u> <u>Division of Cost Allocation</u> <u>7700 Wisconsin</u> <u>Ave. Suite 8100</u> <u>Bethesda, MD 20857</u></p> <p>B. Cognizant Federal Auditor: <u>Department of Health and Human Services, Region III</u> <u>150 South Independence Mall West, Suite 316</u> <u>Philadelphia, PA 19101</u> <u>(215) 861-4470</u></p>

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

**COVER SHEET AND CERTIFICATION  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

**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:



(Signature)

Mrs. Denise J. Clark  
(Print or Type Name)

Associate Vice President for Research Administration  
(Title)

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**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

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. _____ Accrual            B. <input checked="" type="checkbox"/> Modified Accrual Basis<sup>1</sup>            C. _____ Cash Basis            Y. _____ Other<sup>1</sup></p>
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting.</u> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. _____ Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)            B. _____ Not integrated with financial accounting records (Cost data are accumulated on memorandum records)            C. <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. _____ Specifically identified and recorded separately in the formal financial accounting records.<sup>1</sup>            B. _____ Identified in separately maintained accounting record or workpapers.<sup>1</sup>            C. _____ Identifiable through use of less formal accounting techniques that permit audit verification.<sup>1</sup>            D. <input checked="" type="checkbox"/> Combination of A, B or C.<sup>1</sup>            E. _____ Determinable by other means.<sup>1</sup></p>
1.3.1	<p><u>Treatment of Unallowable Costs.</u> (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; or, when a central office or group office allocates costs to a segment.)</p>

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

**Continuation Sheet  
PART I – GENERAL INFORMATION  
  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
1.4.0	<p><u>Cost Accounting Period: July 1 through 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.)</p>
1.5.0	<p><u>State Laws or Regulations.</u> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations of special agreements on allowance of costs.</p>



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

**Continuation Sheet  
PART I – GENERAL INFORMATION**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
1.1.0	<p><b><u>Description of Cost Accounting System</u></b></p> <p>The University of Maryland College Park (UMD) employs a modified accrual basis of accounting for charges to Federally Sponsored agreements. Expenses are charged to sponsored projects using a cash basis as expenditures are made. Vacation leave is accrued at fiscal year-end but is not charged directly to University cost centers or Federally sponsored agreements until the vacation is taken. Expenses for materials and supplies post to sponsored agreements on a cash basis when vendor invoices are vouched for payment by the Accounts Payable Office. The vendor payments are usually made by check which are written by the General Accounting Division of the State of Maryland subsequent to vouching of the vendor invoice at UMD. When the books are closed at fiscal year-end, payables related to regular purchase orders are accrued in UMD’s accounting system, previously Quali Financial System that has been succeeded by Workday, including some Federally sponsored project accounts. Accruals made to UMD’s Financial Statements generally are not posted directly to the sponsored project accounts in the accounting system. These accruals are included in the UMD’s indirect cost study.</p> <p>Workday utilizes a Foundation Data Model (FDM) which is the core of the entire Workday platform. The FDM is a multi-dimensional data framework that supports financial, managerial, and statutory reporting. It defines the organizations and worktags UMD uses in transactions. The FDM supports both Finance and HCM and drives security and workflows.</p>
1.2.0	<p><b><u>Integration of Cost Accounting with Financial Accounting</u></b></p> <p>In general, all financial transactions are recorded in UMD’s financial accounting system. For the indirect cost rate proposal, UMD uses the EFACS from Huron Consulting as the cost accounting software package to develop the proposal. The data is sourced from the UMDs central administrative systems such as Workday and the space system. Adjustments and reclassifications are made in the EFACS system and are listed in various reconciliation schedules of the indirect cost proposal.</p>
1.3.0	<p><b><u>Treatment of Unallowable Costs</u></b></p> <p>Unallowable costs such as advertising (non-employment), selling and marketing expenses, alcoholic beverages, bad debts and collection costs, contributions, donations, legal expenses &amp; settlements, fines and penalties, entertainment, flowers and gifts are recorded in the financial system via operational worktags called spend categories that fall under the object class of unallowables. In addition, the UMD uses the Workday functionality of assigning spend restrictions to sponsored awards. Expenditures in these spend categories are therefore prohibited from being charged to sponsored projects and are also excluded from allocation to indirect costs.</p>

A related worktag is assigned to dictate the Higher Education Function Code (HEFC) - research, teaching, or service to align with the appropriate cost pools.

Unallowable activities (e.g., alumni events, commencement, development, and public relations, etc.) are uniquely accounted for and identified by the accounting system via the Workday driver worktag hierarchy. Unallowable activities are removed from the indirect cost pools allocated to Federally sponsored agreements. An additional review (scrub) to identify unallowable costs is made during the development of UMD's indirect cost proposal.

Item No.	Item Description
1.3.1	<p><b><u>Treatment of Unallowable Costs</u></b></p> <p>Allocation bases include unallowable costs (e.g., unallowable activities noted in 1.3.0). Thus, these unallowable costs receive their fair share of general administrative costs.</p> <p>Unallowable costs are removed from indirect cost pools before such pools are allocated to the major expenditure functions and other IDC pools. Business rules within the IDC software are used to reclassify expenses associated with these spend codes to the other institutional activities' modified total direct cost base.</p> <p>In Workday, driver worktags are the primary worktags entered on a transaction. When a transaction is created, selecting a driver worktag “drives” the auto-populating of related worktags. Driver worktags are similar to KFS accounts. Driver worktag types are USource, Grant, Gift, and Project. Unallowable activities are first segregated by driver worktags and are not assignable to Grant driver worktags. Also, unallowable activities are identified in the University’s IDC proposal software and are included in the Other Institutional Activities base. Business rules within the IDC software are used to scrub expenses associated with these transactions to the other institutional activities’ modified total direct cost base.</p> <p>Unallowable costs are excluded from the federally funded modified total direct cost bases.</p>
1.5.0	<p><b><u>State Laws or Regulations</u></b></p> <p>The University of Maryland at College Park is a subset of the University System of Maryland which is a body corporate and an agency of the State of Maryland. The campus is subject to all Maryland laws and regulations listed in the <u>Annotated Code of Maryland</u> and the <u>Code of Maryland Regulations (COMAR)</u>.</p> <p>-End of Part 1-</p>

Instructions for Part II

Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.

2.1.0

Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For all major categories of cost under each major function or activity such as, instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. (Also, list and explain if there are any deviations from other specified criteria).)

2.2.0

Description of Direct Materials. All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)

2.3.0

Method of Charging Direct Materials and Supplies. (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)

2.3.1

Direct Purchases for Projects are charged to Projects at:

- A.  Actual Invoiced Costs
- B.  Actual Invoiced Costs Net of Discounts Taken
- Y.  Other(s)<sup>1</sup>
- 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<sup>1</sup>
- D.  Predetermined Costs<sup>1</sup>
- Y.  Other(s)<sup>1</sup>
- Z.  Not Applicable

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

**PART II - DIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

2.4.0

Description of Direct Personal Services. All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefit costs, if any, within each major institutional function or activity that are charged as direct personal services.)

2.5.0

Method of Charging Direct Salaries and Wages. (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)

	Direct Personnel Service Category			<u>Other</u> <sup>1</sup>
	<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	
	(1)	(2)	(3)	
A. Payroll Distribution Method (Individual timecard/actual hours and rates for nonexempt and student)	_____	<u>✓</u> _____	<u>✓</u> _____	
B. Plan – Confirmation (Budgeted planned or assigned work activity, updated to reflect significant changes)	_____	_____	_____	
C. After-the-fact Activity Records (Percentage Distribution of employee activity)	<u>✓</u> _____	<u>✓</u> _____	<u>✓</u> _____	
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) <sup>1</sup>	_____	_____	_____	

Salary and Wage Cost Distribution Systems

2.5.1

With 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.)

\_\_\_\_\_ Yes

✓ No

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**PART II - DIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
2.5.2	<p align="center"><u>Salary and Wage Cost Accumulation System.</u></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 the wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>
2.6.0	<p align="center"><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 align="center"><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 9903.301-1); 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 align="center"><u>Description of Other Direct Costs.</u> All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.)</p>
2.8.0	<p align="center"><u>Cost Transfers.</u> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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**PART II - DIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
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Item No.	Item Description																												
2.9.0	<p><u>Inter-organizational Transfers</u>. This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of inter-organizational transfers 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;"><u>✓</u></td> <td style="text-align: center;"><u>✓</u></td> <td style="text-align: center;"><u>✓</u></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)<sup>1</sup></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Z. Inter-organizational transfers are not applicable.</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		<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.	<u>✓</u>	<u>✓</u>	<u>✓</u>	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) <sup>1</sup>				Z. Inter-organizational transfers are not applicable.			
	<u>Materials</u>	<u>Supplies</u>	<u>Services</u>																										
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Y. Other(s) <sup>1</sup>																													
Z. Inter-organizational transfers are not applicable.																													

Item No.	Item Description
2.1.0	<p><b><u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives</u></b></p> <p>UMD records costs via a series of worktags. Worktags are identifiers used to describe and categorize transactions and events in Workday. Many attributes and business objects function as worktags in Workday including, but not limited to, Grants, Cost Centers, Spend Categories, USources, Higher Ed Function Codes, and Supervisory Organizations. Driver worktags are the primary worktags entered on a transaction. When you create a transaction, selecting a driver worktag “drives” the auto-populating of related worktags. Driver worktags are similar to the previous KFS accounts. Driver worktag types are USource, Grant, Gift, and Project. Each represents one specific activity or function of the University. Related worktags are associated with driver worktags and auto-populate when a driver worktag is selected. Sometimes they are called Additional Worktags in Workday. Related worktag types are Fund, Cost Center, Balancing Unit, and Higher Ed Function Code. Operational worktags categorize income and expenses on transactions. They are similar to the previous KFS object codes. Operational worktag types are Revenue Category, Spend Category, and Ledger Account. The cost for any particular transaction is recorded using worktags which identify the specific activity or function, the cost center and Higher Education Function Code and the type of cost incurred. The determination of the classification of a cost is not based on type of cost or the spend code, but the purpose and circumstances of the expense. Amounts charged directly to Federally sponsored projects, or similar cost objectives are those which can be identified specifically with such activity relatively easily with a high degree of accuracy. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost is allocated to the projects based on the proportional benefit as defined by the Principal Investigator. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs are allocated or transferred to benefitted projects on any reasonably documented basis, as determined by the Principal Investigator or designee. Costs which benefit multiple activities and cannot be easily and accurately prorated between the activities are classified as indirect costs.</p> <p>In accordance with University policy, the determination of allowability of direct charging of administrative and clerical salaries and other general supplies will be made at a central level. These costs may only be charged directly to federally sponsored projects if the Principal Investigator or their designee can demonstrate (1) that the services or materials are integral to the project; (2) individuals or administrative costs can be specifically identified with the project or program; (3) the costs are not also recovered as indirects costs. Sponsored Programs funded by other than federal agencies may charge these costs directly to these projects to the limits allowed by the agreement.</p>



**COST ACCOUNTING STANDARDS BOARD  
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EDUCATIONAL INSTITUTIONS**

**Continuation Sheet  
PART II – DIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
2.2.0	<p>Only those costs that are allowable and allocable are direct charged. Principal Investigators, departmental administrators and, in some specific instances, central administrative officials review costs to ensure that they are allowable and allocable to a project.</p> <p>Similar costs incurred in like circumstances are consistently treated as either direct or indirect. Size, nature, and complexity of sponsored agreements, although not the final determining factors, are in the aggregate, important considerations in determining unlike circumstances. Due to the unique requirements of each sponsored agreement, unlike circumstances are determined on a case-by-case basis.</p> <p>An unlike circumstance occurs when a particular project requires specific and identifiable support that is over and above the level of support provided and charged indirectly to all activities. Such costs are charged as direct costs since they are incurred for a different purpose.</p> <p>As a Land Grant institution, UMD receives federal formula funded appropriations from USDA, which prohibits the charging of indirect costs but allows for direct charging of associated college and departmental administrative costs.</p> <p><b><u>Description of Direct Materials</u></b></p> <p>The principal object classes of materials and supplies which are directly charged to federally sponsored agreements or similar cost objectives include the following spend category hierarchies: chemical and laboratory supplies, radioisotopes, drugs, minor equipment (those less than the capitalization level), gases, gasoline, radioactive material, biological/select agents, purchase and care of animals and electronic supplies (such as audio, visual, photo, electronic, engineering, medical, teaching and computer devices).</p> <p><b><u>Procurement</u></b></p> <p>UMD follows the general guidelines for procurement standards outlined in sections §200.317-327 of OMB Uniform Guidance when procuring property and services under a Federal Award.</p>

Item No.	Item Description
2.3.2	<p><b><u>Method of Charging Direct Materials and Supplies</u></b></p> <p>Costs incurred for materials, supplies, and fabricated parts necessary to carry out Federal awards are purchased and charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms are charged at their actual net cost. Incoming transportation charges are a proper part of materials and supplies costs.</p> <p>Computing devices are charged as direct costs for devices that are essential and allocable, but not solely dedicated, to the performance of an award.</p>
2.4.0	<p><b><u>Description of Direct Personal Services</u></b></p> <p>The principal spend categories for direct personal service costs are tenure track faculty, professional track faculty (research scientists, technical staff) exempt staff, non exempt staff and students. Amounts provided to post-doctoral and graduate students for work on research projects and teaching activities are also treated as direct costs. The direct charges include salaries and fringe benefits. In the case of graduate students, compensation may include tuition, fees, and other fringe benefits. Salaries and fringe benefits of administrative and clerical staff are charged directly under the conditions described in 2.1.0.</p>
2.5.0	<p><b><u>Method of Charging Direct Salaries and Wages</u></b></p> <p>UMD uses an after-the-fact confirmation method originally provided for in OMB Circular A-21, Section J.10c(2). The successor and current regulation, the 2 CFR Uniform Guidance for Federal Financial Assistance (Uniform Guidance) does not specify a preferred methodology. Effort Certification Reports are certified semi-annually in the Workday System used by faculty, all staff, and students. The Effort Certification process in Workday is used for</p>
2.5.1	<p>individuals charged directly by sponsored projects. If a salaried employee has charged any time to sponsored activity, all sponsored and non-sponsored payroll will appear on the report.</p>
2.5.2	<p>Allocations are entered by a Costing Specialist or HR Analyst after the Principal Investigator identifies the estimated percent allocated to the sponsored project and to. Effort certification verifies that the effort expended by personnel on a project is accurate and reflects the work that was performed. The Effort Certification Reviewer, Principal Investigator, and Employee-as-self have the option to change an effort report before certification. If no change is necessary, the Employees-as-self or Principal Investigator certifies the report to complete the process.</p> <p>The system allows for changes to the distribution of salary on an ongoing basis. Amounts charged to sponsored programs are verified semi-annually after the 14th payroll of the fiscal year (January) and after the final payroll of the fiscal year (pay period 27 in June), using UMD's approved on-line Effort Reporting System. Note that UMD is converting to the Workday Effort Certification System in fiscal year 2025, thus there are three certifications (provide time frame and pay period date) for this particular fiscal year.</p>

Item No.	Item Description
2.6.0	<p><b><u>Description of Direct Fringe Benefits Costs</u></b></p> <p><b>Leave</b></p> <ul style="list-style-type: none"> <li>● Sabbatical Leave (is available only to tenured faculty).</li> <li>● Sick Leave, Extended Sick Leave, Advanced Sick Leave</li> <li>● Annual Leave</li> <li>● Personal Leave</li> <li>● FMLA</li> <li>● Administrative</li> <li>● Holiday Leave</li> <li>● Parental Leave</li> </ul> <p><b>Retirement</b></p> <ul style="list-style-type: none"> <li>● TIAA Optional Retirement: See 6.1.1</li> <li>● Fidelity Optional Retirement See 6.1.1</li> <li>● Teachers’ Retirement: See 6.1.1</li> <li>● Employees’ Retirement: See 6.1.1</li> <li>● Teachers’ Pension: See 6.1.1</li> <li>● Employees’ Pension: See 6.1.1</li> </ul> <p><b>Federal Civil Service Requirement</b> Certain employees with Federal appointments are paid from any fund group and are eligible for other retirement benefits. In these cases, the University’s contribution for retirement plans is charged to the appropriate account including sponsored projects.</p> <p><b>Federal Employee Retirement System</b> Certain employees with Federal appointments are paid from any fund group and are eligible for other retirement benefits. In these cases, the UMD’s contribution for retirement plans is charged to the appropriate account including sponsored projects.</p> <p><b>Fed Thrift Saving Plan</b> Certain employees with Federal appointments are paid from any fund group and are eligible for other retirement benefits. In these cases, the UMD’s contribution for retirement plans is charged to the appropriate account including sponsored projects.</p> <p><b>Health Insurance</b></p> <p><b>Health Insurance:</b> Employer’s share of the health insurance subsidy payable to the health Insurance program which includes:</p> <ul style="list-style-type: none"> <li>● <b>Medical insurance</b> - UMD pays a portion of the premium cost for point-of-service and EPO plans and portion of the premium cost for the preferred provider organization.</li> <li>● <b>Prescription Drug Card Plan</b> - UMD pays for a portion of the premium for this plan.</li> <li>● <b>Additional coverage</b> - is offered with an additional cost covered entirely by the Employee and retirees.</li> </ul>

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

**Continuation Sheet  
PART II - DIRECT COSTS  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
2.6.0	<p><b>Retiree Health Insurance:</b> The same health insurance programs are available to retirees as are available to employees.</p> <p><b>Fed Employee Group Life Ins:</b> Employer’s share of contributions for employees enrolled in the Federal Employees Group Life Insurance.</p> <p><b>Social Security (FICA):</b> Employer’s share of social security payments based on the effective rate and base as provided by Federal law. Also includes employer’s share of hospital insurance tax for Federal Civil Service employees of the University.</p> <p><b>Unemployment Insurance Regular Employee:</b> Employer’s share of unemployment insurance premium for regular (other than contractual) employees.</p> <p><b>Unemployment Insurance Contractual Employee:</b> Employer’s share of unemployment insurance premium for contractual employees.</p> <p><b>Tuition Waiver-Employees:</b> Cost of tuition waivers granted to UMD employees (other than Graduate Assistants and Post-doctoral scholars).</p> <p><b>Tuition Waiver-Grad Asst:</b> Cost of tuition waivers granted to graduate assistants.</p>
2.6.1	<p><b><u>Method of Charging Direct Fringe Benefits</u></b></p> <p>Beginning fiscal year 2020, UMD instituted fringe benefit rates approved by the Department of Health and Human Services (DHHS) Cost Allocation Services (CAS). Fringe benefit rates are negotiated with CAS based on actual prior year costs, including projections for anticipated increases in benefit costs, and carry-forward- adjustments for prior year (over or under) recoveries. This agreement will delineate which fringes are direct charged and which are included in the rate.</p> <p>Fringe benefit rates are based on groupings of employees with similar fringe benefit entitlements. The cost of fringe benefits for each employee grouping is divided by their total salaries and wages.</p>
2.7.0	<p><b><u>Description of Other Direct Costs:</u></b></p> <p>Principal categories of other costs include: travel, consulting services, animals, animal care, human subject compensation and incentives, and other specialized and technical services; publication costs; sub-awards; equipment; information technology systems; alterations and renovations needed to meet specific project requirements; telecommunications; repair and maintenance costs; rent and other facility costs of off-campus facilities. Workday utilizes a series of object classes to group expenditures. The main object classes are equipment, salary and wage, benefits, subcontracts, professional activities, travel, tuition and indirect costs. Each object class has more defined spend categories to capture detail at the transaction level.</p> <p>- End of Part II -</p>

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

**PART III - INDIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
	<p>Instructions for Part III</p> <p>Institution should disclose how the segment's total direct 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 continuations sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.</p> <p>The following Allocation Base Codes are provided for use in connection with items 3.1.0 and 3.3.0.</p> <ul style="list-style-type: none"> <li>A. Direct Charge or Allocation</li> <li>B. Total Expenditures</li> <li>C. Modified Total Cost Basis</li> <li>D. Modified Total Direct Cost Basis</li> <li>E. Salaries and Wages</li> <li>F. Salaries, Wages, and Fringe Benefits</li> <li>G. Number of Employees (head count)</li> <li>H. Number of Employees (full-time equivalent basis)</li> <li>I. Number of Students (head count)</li> <li>J. Number of Students (full-time equivalent basis)</li> <li>K. Student Hours--classroom and work performed</li> <li>L. Square Footage</li> <li>M. Usage</li> <li>N. Unit of Product</li> <li>O. Total Production</li> <li>P. More than one base (Separate Cost Groupings)<sup>1</sup></li> <li>Y. Others<sup>1</sup></li> <li>Z. Category or Pool not applicable</li> </ul>

**COST ACCOUNTING STANDARDS BOARD  
DISCLOSURE STATEMENT  
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**PART III - INDIRECT COSTS**

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UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description																																																								
3.1.0	<p><u>Indirect Cost (F&amp;A) 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 applicable indirect cost categories, indirect cost pools, other institution 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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Accumulation Method</th> <th style="text-align: center; border-bottom: 1px solid black;">Allocation Base Code</th> <th style="text-align: center; border-bottom: 1px solid black;">Allocation Sequence</th> </tr> </thead> <tbody> <tr> <td colspan="4"><u>Indirect Cost Category</u></td> </tr> <tr> <td>(a) Depreciation/use allowances/interest</td> <td></td> <td></td> <td style="text-align: center;"><u>1</u></td> </tr> <tr> <td style="padding-left: 20px;">Building</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>L</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Equipment</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>L</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Capital Improvements to Land<sup>1</sup></td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>E</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Interest<sup>1</sup></td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>L</u></td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>L</u></td> <td style="text-align: center;"><u>2</u></td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>D</u></td> <td style="text-align: center;"><u>3(CA)</u></td> </tr> <tr> <td>(d) Departmental Administration</td> <td style="text-align: center;"><u>No</u></td> <td style="text-align: center;"><u>D</u></td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>D</u></td> <td></td> </tr> <tr> <td>(f) Library</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>E/H/I</u></td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td style="text-align: center;"><u>Yes</u></td> <td style="text-align: center;"><u>D</u></td> <td></td> </tr> <tr> <td>(h) Other<sup>1</sup></td> <td></td> <td style="text-align: center;"><u>Z</u></td> <td></td> </tr> </tbody> </table>		Accumulation Method	Allocation Base Code	Allocation Sequence	<u>Indirect Cost Category</u>				(a) Depreciation/use allowances/interest			<u>1</u>	Building	<u>Yes</u>	<u>L</u>		Equipment	<u>Yes</u>	<u>L</u>		Capital Improvements to Land <sup>1</sup>	<u>Yes</u>	<u>E</u>		Interest <sup>1</sup>	<u>Yes</u>	<u>L</u>		(b) Operation and Maintenance	<u>Yes</u>	<u>L</u>	<u>2</u>	(c) General Administration and General Expense	<u>Yes</u>	<u>D</u>	<u>3(CA)</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>E/H/I</u>		(g) Student Administration and Services	<u>Yes</u>	<u>D</u>		(h) Other <sup>1</sup>		<u>Z</u>	
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**COST ACCOUNTING STANDARDS BOARD  
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EDUCATIONAL INSTITUTIONS**

**PART III - INDIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description																																										
3.2.0	<p><u>Service Centers</u>. The costs of services provided by highly complex or specialized facilities operated by UMD, such as computing facilities, wind tunnels, and reactors are direct charged in accordance with the <b>Uniform Guidance</b>. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter "Z" in Column 1, if not applicable.)</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></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> <th style="text-align: center;">(5)</th> <th style="text-align: center;">(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</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>A</u></td> <td style="text-align: center;"><u>B</u></td> </tr> <tr> <td>(b) Business Data Processing--N/A</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> <tr> <td>(c) Animal Care Facilities</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>A</u></td> <td style="text-align: center;"><u>A</u></td> <td style="text-align: center;"><u>B</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)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><u>Telecommunications Operations</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>A</u></td> <td style="text-align: center;"><u>B</u></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 Charge 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 variance between billed and actual cost 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>C</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>B</u>	(b) Business Data Processing--N/A	—	—	—	—	—	—	(c) Animal Care Facilities	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>B</u>	(d) Other Service Centers with Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)							<u>Telecommunications Operations</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>B</u>
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3.3.0

Indirect Cost Pools and Allocation Bases

(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)

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

Composition of Indirect Costs Pools. (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, subgroupings of expenses, and elements of cost included.)

3.4.0

Composition of Allocation Bases. (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subaward t costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.)

3.5.0



**COST ACCOUNTING STANDARDS BOARD  
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**PART III - INDIRECT COSTS**

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Item No.	Item Description
3.6.0	<p><u>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs (F&amp;A)</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. <input checked="" type="checkbox"/> Yes</p> <p>B. <input type="checkbox"/> No<sup>1</sup></p>

Item No.	Item Description
3.1.0	<p><u>Indirect Cost Categories – Accumulation and Allocation</u></p> <p>Note: Indirect cost expenses are recorded and accumulated as current funds expenses in the financial accounting system. However, because the financial accounting system was not created for the Uniform Guidance and Cost Accounting Standards purposes, some regrouping of the recorded costs is necessary. Such reclassifications are generally based on attributes found in the financial accounting system data. The reclassified costs are reconcilable to the University’s audited financial statements.</p> <p>1. Building Description</p> <p>The capitalized building costs are accumulated in UMD’s accounting system. The cost of federally funded buildings is excluded from the depreciation calculations. Building depreciation charges for each building are calculated on a building-by-building basis, and the charge is allocated to cost pools based on the functional use of space for each building.</p> <p>2. Equipment Description</p> <p>The cost of equipment additions is identified, recorded, and accumulated in the University’s accounting system and the inventory is maintained by Property Accounting by building and room. For indirect cost determination, federally funded equipment is excluded from the calculations. Depreciation is computed by classes of assets. Where possible, each piece of equipment is identified to the room in which it is housed and allocated to cost pools according to the functional use of that room. Equipment items that could not be matched to a room due to a difference between the space and equipment source data are allocated to cost pools based upon the functional use of the space for the department where the piece of equipment is located.</p> <p>3. Land Improvements Depreciation</p> <p>The cost of capital improvements to land are accumulated in the financial records of the University. Costs are allocated to all benefiting functions based upon Salaries &amp; Wages of the departments.</p> <p>4. Interest</p> <p>Interest is capitalized when it is incurred for a specific project during that project’s construction period. Periodic interest payments on bonds issued by the University System of Maryland associated with certain buildings, equipment and capital improvements are classified as an expenditure in the Interest pool under the “Facilities” category. These costs are allocated in the same manner as the depreciation on the buildings, equipment, and capital improvements to which the interest relates.</p>

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

**Continuation Sheet  
PART III - INDIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
<p>3.1.0 continued</p>	<p><u>B. Operations and Maintenance:</u></p> <p>Operation and Maintenance costs, as defined by generally accepted accounting principles for educational institutions, are accumulated in the financial records of the University net of direct charges for services provided to other units and departments. For purposes of the determination of the indirect cost rate according to provisions of the Uniform Guidance, an analysis of the operating expenses reported in this, and other cost categories is performed to identify other expenses that are to be reported as Operation and Maintenance according to the Uniform Guidance. The major departments or areas of cost reclassified to Operation and Maintenance are Police, IT Security, Engineering &amp; Architectural Services, and Planning.</p> <p>The Operation and Maintenance cost pool is comprised of 8 cost pool groupings.</p> <p>Utilities: Includes costs for Central heating, Steam distribution, Electricity and Piped Service. Costs from this cost pool are allocated to other cost areas based on benefiting buildings and on actual meter readings for buildings that have this available.</p> <p>Building Maintenance/Custodial Services: Includes those costs for maintenance, custodial services, and repairs that are attributable to buildings and not included above. Costs for this pool and the utility cost pool are distributed to buildings that are not directly charged for utility or maintenance and custodial services. Costs are first identified to buildings based on assignable square footage for each building and then allocated to cost pools based on the functional use of space for the buildings.</p> <p>Campus Wide O&amp;M: Includes costs which cannot be identified to specific buildings or groups of buildings such as facilities management and police. It also includes all administrative and planning costs for the O&amp;M area. Costs from this cost pool are allocated to functions based upon the assignable square footage.</p> <p>Department Paid O&amp;M: Included O&amp;M costs paid for directly by non-plant departments. This would include, for example, a space reconfiguration in the department of chemistry. The cost from this cost pool are allocated back to the department that incurred the cost.</p> <p>Auxiliary O&amp;M: Includes costs directly attributable to auxiliary buildings and activities. These costs are borne by auxiliary accounts. All auxiliary costs are allocated 100% back to the Other Institutional Activities cost pool.</p> <p><u>C. General Administration and General Expenses:</u></p> <p>Institutional Support costs, as defined by generally accepted accounting principles for educational institutions, are accumulated in UMD's financial records for</p>

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

**Continuation Sheet  
PART III - INDIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

3.1.0  
continued

purposes of the determination of indirect cost rates according to the provisions of the Uniform Guidance. An analysis of operating expenses is performed to identify expenses that are to be reported as General Administrative and General Expense. Offices included in this indirect cost pool are President's Office, Legal Office, Division of Administration and Finance, and University Human Resources. This pool includes an allocable share of depreciation and use allowances, interests, and operation and maintenance expenses. The aggregate expenses are allocated to benefited functions on the modified total direct cost basis.

D. Departmental Administration:

UMD's records departmental administrative costs in units such as the Graduate School, academic dean's offices, academic departments, organized research units and research centers. Expenses are composed of salaries and wages, fringe benefits, services, materials and supplies subject to the limitations and exclusions in the Uniform Guidance, including the special rules regarding treatment of salary and fringe benefits attributable to the 3.6% MTDC administrative allowance for faculty and other professionals. This pool includes an allocable share of depreciation and use allowances, interest, operation and maintenance, and general administration and general expenses.

A DCE calculation is used in the development of the DA cost pool. The DCE ratio is defined as general support salaries and wages (GNS S&W) charged to sponsored accounts divided by faculty and professional salaries and wages (F&P S&W) charged to sponsored accounts. The DCE ratio is then compared against the actual GNS S&W and the actual F&P S&W (less the salary and wage portion of the 3.6% faculty administrative allowance) which have been charged to each department's general operating (i.e., non-sponsored) accounts. The assumption is that the GNS S&W which supports the F&P S&W from the non-sponsored accounts should be in the same proportion to the GNS S&W which supports the F&P S&W for sponsored accounts. If there is residual GNS S&W which supports the F&P S&W from the non-sponsored accounts, it should be treated as DA expense. The University believes that the assumption is not necessarily valid but is using the DHHS, DCE methodology.

E. Sponsored Projects Administration:

The sponsored projects administration pool includes expenses of those organizations that were separately established primarily to administer sponsored projects, including such functions as grant and contract administration and accounting. Expenses are composed of salaries and wages, fringe benefits, services, and other direct costs. The pool includes an allocable share of general administration, operation and maintenance expenses, and depreciation/use allowances. These expenses are allocated to the major functions of the institution under which sponsored projects are conducted on the basis of the modified total cost of sponsored projects. Sponsored projects include sponsored instruction, sponsored research, and other sponsored activities.

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

**Continuation Sheet  
PART III - INDIRECT COSTS**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
<p>3.1.0 continued</p>	<p><u>F. Library:</u></p> <p>The library pool was created by combining the cost of operating the various libraries of the library system into a single pool and distributing the cost based on primary categories of users with undergraduate students being allocated 100% to instruction. The costs include the cost of books and materials purchased for the library excluding purchases of rare books. The library cost pool includes an appropriate share of general administration, operations and maintenance expense and depreciation/use allowance.</p> <p><u>G. Student Services and Administration:</u></p> <p>The Student Services and Administration cost pool includes expenses incurred for the administration of student affairs and for services to students, including such offices/activities as the Vice President for Student Affairs, Undergraduate Admissions, Records &amp; Registration, Student Financial Aid and Student Health. Expenses are composed of salaries and wages, fringe benefits and other direct costs. An appropriate share of general administration, operations and maintenance expense and depreciation/use allowance is included. The expenses in this category are allocated 100% to the Instruction function.</p>
<p>3.2.0</p>	<p><u>Service Centers:</u></p> <p>Specialized Service Facilities (SSF), service centers greater than \$1,000,000 in revenue, must recover the cost of the facilities they occupy through their billing rates. SSF will be charged an amount per square foot depending upon the building they occupy. The costs of these facilities include their allowable direct costs and their full allocable share of indirect costs. These facilities' full allocable share of indirect costs is excluded from the indirect cost proposal. The University includes specialized service facility operating costs in the applicable indirect cost distribution in a separate allocation base developed for calculation of the indirect cost rate. In doing so, the specialized service facilities allocate their fair share of indirect costs and consider inclusion of these charges in the allocation bases to be equitable to the federal government. UMD excludes specialized service facility charges from the research, instruction, and other sponsored bases used to apply indirect costs to individual accounts. The total costs of the specialized service facilities are accounted for through a schedule of rates which apply to all users of the facility on the basis of actual utilization, and which does not discriminate against any one segment of the user population. Volume discounts or other special pricing mechanisms are equally available to all users who meet the criteria. Rate schedules are published and available to all potential users. External users of a center are not charged at a rate less than that charged to internal UMD and federal users and include University indirect cost.</p>

User Rates: Rate proposals are submitted to the Sponsored Programs Accounting and Compliance (SPAC) Office at least annually for a formal analysis of costs and rates.

Accounting: Specialized service facilities are separate and distinct entities. Funds and accounting activities are not commingled with funds or accounting activities of other organizational units inside or outside of the departments where the centers reside. Each specialized service facility operates from separate accounts, normally in the educational and general designated range. An operating surplus of a center must not be used for purposes unrelated to the operations of that particular center.

(a) Animal Care Facility

This facility has the responsibility for providing goods and services related to the operation of the animal facilities and other veterinary care for animals used in research and teaching projects. Direct costs include the cost of bedding, immunization, food, cages, and salaries and applicable employee benefits. The indirect costs include space costs. From the direct and the indirect costs, a per diem rate is calculated. The primary methodology in developing the per diem rates for the Animal Care Facility is from the NCRR's Cost Analysis and Rate Setting manual for Animal Care Facilities.

The Animal Care Facility operates at a loss which is borne by the University. Because the institution absorbs the operating loss of the Animal Care Facility no variances are rolled forward into future years rates.

(b) The Glenn L. Martin Wind Tunnel - Due to COVID, the amount of revenue from the Wind Tunnel Service Center has decreased to below \$500,000 and therefore is being removed as a Specialized Service Center.

(c) The Maryland Nano Fab Facility

Rates are per equipment type and user type. The facility maintains a very detailed cost study and usage log. The percentage of usage of each instrument is then applied to the appropriate expense categories to determine rates.

(d) The Maryland Neuroimaging Center (MNC) - The amount of revenue generated from the MNC has decreased to less than \$250,000 and therefore is being removed as a Specialized Service Center.

3.4.0

**Composition of Indirect Costs Pools.**

**Buildings/Equipment/Capital Improvements**--The expenses under this category are the portion of the costs of the University which are computed in accordance with the Uniform Guidance.

**Interest**--The interest expense in this indirect cost pool is interest on external debt associated with buildings, equipment, and capital improvements.

**Operations and Maintenance**--The expenses under this heading are those that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plan. It includes expenses such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving. It also includes its allocable share of fringe benefit costs, depreciation and use allowances and interest costs.

**General Administration (GA)**--The expenses under this heading are those that have been incurred for the general executive and administrative offices and other expenses of a general character which do not relate solely to any major function of the institution, i.e., solely to (1) instruction, (2) organized research, (3) other sponsored activities, or (4) other institutional activities. The GA category also includes its allocable share of fringe benefits costs, operation and maintenance expenses, depreciation and use allowances, and interest costs. Examples of GA include those expenses incurred by administrative offices that serve the entire university system of which the institution is a part, central offices of the institution such as the President's office, general counsel, human resources, the offices for institution wide financial management, business services, personnel management, and the operations of the central administrative management information systems.

**Departmental Administration (DA)**--The DA category are those expenses incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments, and organized research units.

**Sponsored Project Administration**--The expenses under this heading are limited to those incurred by a separate organization(s) established primarily to administer sponsored projects. This pool also includes an allocable share of fringe benefits, general administration, operation and maintenance, interest, and depreciation/use allowances.

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

**Continuation Sheet  
PART III – INDIRECT COSTS  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
3.4.0 continued	<p><b>Library</b>--The expenses under this heading are those that have been incurred for the operation of the library including the cost of books and library materials purchased for the library, less any items of the library income that qualifies as applicable credits. The library expense category also includes the fringe benefits applicable to the salaries and wages included therein, and appropriate share of general administration, operation, and maintenance, interest, and depreciation/use allowance.</p> <p><b>Student Services</b>--The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, career counseling, student health, commencement, and convocation, etc. This category also includes the fringe benefits applicable to the salaries and wages included therein, and as appropriate share of general administration, operation, and maintenance, interest, and depreciation/use allowance.</p>



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

**Continuation Sheet  
PART III – INDIRECT COSTS  
REVISION No. 8- November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

3.4.0  
continued

**Depreciation on Buildings and Equipment**--Building and equipment depreciation is allocated to the individual functions performed in each building based on usable square feet of space excluding common areas such as hallways, stairwells, and rest rooms.

**Interest**—Interest costs are allocated on the same basis as depreciation on the buildings and equipment to which the interest relates.

**General Administration**--General Administration is allocated based on Modified Total Costs (MTDC). MTDC consists of salaries and wages, fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subawards (regardless of the period covered by the subawards under the awards). The following cost elements are excluded from the MTDC base: equipment that meets the University’s capitalization threshold, other capital expenditures, charges for patient care and tuition remission, space rental costs, scholarships and fellowships, and the portion of each subgrant and subcontract in excess of \$25,000.

**Department Administration**--Department Administration is allocated based on Modified Total Direct Costs (MTDC), as defined in the Uniform Guidance. The administrative expenses for each department are allocated to the direct functions within that department. The cost elements include salaries, fringe benefits non-labor costs, depreciation, O&M, and general and administrative cost.

**Sponsored Project Administration**--Sponsored Projects Administration is allocated based on the MTDC of the sponsored projects within each major function of the institution.

**Composition of Allocation Bases.**

3.5.0

**D Modified Total Direct Costs**

Modified Total Direct Costs is defined as total costs consisting of salaries and wages, fringe benefits, materials and supplies, services, travel and subawards up to \$25,000. These base costs do not include capital expenditures (buildings, individual items of equipment, alterations and renovations), hospitalization and other fees associated with patient care whether the services are obtained from owned, related or third-party hospital or other medical facility; rental/maintenance of off-site activities, student tuition remission and support costs (e.g. student aid, dependence allowances, scholarships, fellowships). Other items are excluded where necessary to avoid a serious inequity in the distribution of indirect costs.

Off-Campus Definition: For all activities performed in facilities not owned by this organization and to which rent is directly allocated to the project(s), the off-campus rate will apply. Projects partially performed off-site are apportioned between their on-site/off-site components when projects activity is conducted off-site for at least three consecutive months. Off-Campus, Adjacent applies to activities performed within commuting area of College Park, Maryland.

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

**Continuation Sheet  
PART III – INDIRECT COSTS  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
<p>3.5.0 continued</p>	<p>The modified total direct cost base includes UMD expenditures related to grants and contracts conducted at the following facilities: Agricultural Experiment Station, Cooperative Extension Service.</p> <p><u>L – Square Footage</u></p> <p>All assignable square footage of benefiting direct and indirect activities is included. Common areas such as hallways, stairwells and rest rooms are excluded. The square footage of a given room is assigned to direct and indirect cost objectives based on a survey of the space usage of the room. General classroom space has been assigned to the Instruction cost pool.</p> <p><u>M – Usage</u></p> <p>Facility costs are allocated to cost pools based upon the functional use of space. Space units have either been functionally assigned based on the activity in the unit or treated as joint use if more than one function takes place in a given unit. If the space is determined to be jointly used, the functional use of that space is determined based on a survey of the space usage of the rooms.</p> <p><u>P – More than one base</u></p> <p>Operation and Maintenance costs are grouped by type (utilities, maintenance &amp; custodial, and campus wide expenses incurred for administration &amp; supervision, security, environmental safety, facility planning &amp; management and central receiving). Each group is allocated using the most specific and relevant data available. GAAP dictates that Auxiliary Enterprises be directly charged their share of O&amp;M costs. The AICPA guide “Audits of College and Universities” states, “This Category (Auxiliary Enterprises) of expenditures embraces all costs of operating the auxiliary enterprises, including charges for operation and maintenance of physical plant.” The Operation and Maintenance of Plant section of the guide states “Operation and Maintenance of Plant includes all expenditures for the operation and maintenance of the institution’s plant. Appropriate allocations of operating and maintenance costs should be made to auxiliary enterprises.” UMD follows GAAP.</p>

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

**Continuation Sheet  
PART III – INDIRECT COSTS  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
3.5.0 continued	<p>UMD charges all departments directly for special projects, such as renovations, which are not part of the normal O&amp;M function. This is done to ensure equity. Those departments that put unusual demands for services on the O&amp;M function pay directly for those extra services.</p> <p>UMD charges auxiliary enterprises directly, in accordance with GAAP, for its costs of O&amp;M. These costs are charged directly in the accounting system. In this case, O&amp;M includes utilities, building maintenance and custodial services. It does not include “campus wide” O&amp;M. Campus wide O&amp;M is that portion of maintenance costs that cannot be attributed to the specific building. This last grouping includes snow removal, lawn care, etc.</p> <p>The balance of the O&amp;M costs comprise the O&amp;M cost pool of the indirect cost proposal and are allocated to those functions and pools that had not been charged indirectly for these costs. This allocation is made on a net assignable square footage basis, in accordance with the Uniform Guidance. The O&amp;M pool is broken down into three groupings: utilities, buildings/custodial services and “campus wide.” Utilities and building/custodial services are distributed to all space that had not been charged directly for those costs. The excluded space is primarily auxiliary enterprise space that had already been charged for these two groupings of costs. The remaining space that comprises the O&amp;M allocation base is all non- auxiliary enterprise space. Auxiliary enterprise space is excluded so that it does not get charged twice for these costs.</p> <p>As stated above, “campus wide” represents the portion of maintenance costs that cannot be attributed to a specific building. At this point in the allocation of O&amp;M costs, the costs in this grouping have not been directly charged or allocated to any final cost objective or indirect cost pool. These costs are allocated to all campus space, including auxiliary enterprise space. The allocation of “campus wide” O&amp;M costs to auxiliary enterprise space is done to assure that the research indirect cost pool for O&amp;M is not excessively charges for these services.</p> <p>The protocol assures that all functions and activities are charged with their appropriate share of O&amp;M costs and that no area is overcharged for these services.</p> <p>Library costs are allocated in the “Facilities” category, in accordance with the Uniform Guidance.</p> <p>- End of Part III -</p> <p>3.6.0 Revised</p>

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

**PART IV - DEPRECIATION AND USE ALLOWANCES  
REVISION No. 8 -November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description																																																		
4.1.0	<p style="text-align: center;">Part IV</p> <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 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="text-align: left; width: 45%;">Asset Category</th> <th style="text-align: center; width: 15%;">Depreciation Method (1)</th> <th style="text-align: center; width: 15%;">Useful Life (2)</th> <th style="text-align: center; width: 15%;">Property Unit (3)</th> <th style="text-align: center; width: 15%;">Residual Value (4)</th> </tr> </thead> <tbody> <tr> <td>(a) Land Improvements</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>B</u></td> </tr> <tr> <td>(b) Buildings</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>B</u></td> </tr> <tr> <td>(c) Building Improvements</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>B</u></td> </tr> <tr> <td>(d) Leasehold Improvements</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>B</u></td> </tr> <tr> <td>(e) Equipment</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>B</u></td> </tr> <tr> <td>(f) Furniture and Fixtures</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>B</u></td> </tr> <tr> <td>(g) Automobiles and Trucks</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>B</u></td> </tr> <tr> <td>(h) Tools</td> <td style="text-align: center;"><u>B</u></td> <td></td> <td></td> <td></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>Z</u></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><u>Column (1) - Depreciation Code</u></p> <p>A. Straight Line B. Expensed at Acquisition C. Use Allowance Y. Other or more than one method.<sup>1</sup></p> <p><u>Column (2) - Useful Life Code</u></p> <p>A. Replacement Experience B. Term of Lease C. Estimated Service Life D. As prescribed for use allowance by Office of Management and Budget Circular A-21 Y. Other or more than one method.<sup>1</sup></p> <p><u>Column (3) - Property Unit Code</u></p> <p>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<sup>1</sup></p> <p><u>Column (4) - Residual Value Code</u></p> <p>A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method<sup>1</sup></p>	Asset Category	Depreciation Method (1)	Useful Life (2)	Property Unit (3)	Residual Value (4)	(a) Land Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(b) Buildings	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(c) Building Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(d) Leasehold Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(e) Equipment	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(f) Furniture and Fixtures	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(g) Automobiles and Trucks	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>	(h) Tools	<u>B</u>				(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. Otherwise enter code Z.	<u>Z</u>			
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(a) Land Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>																																															
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**COST ACCOUNTING STANDARDS BOARD  
DISCLOSURE STATEMENT  
REQUIRED BY PUBLIC LAW 100-679  
EDUCATIONAL INSTITUTIONS**

**PART IV - DEPRECIATION AND USE ALLOWANCES  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

4.1.1

Asset Valuations and Useful Lives. Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)

- A.  Yes
- B.  No<sup>1</sup>

4.2.0

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.)

- A.  Yes
- B.  No

4.3.0

Treatment of Gains and Losses on Disposition of Depreciable Property. Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)

- 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.  Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved
- D.  Not accounted for separately, but reflected in the depreciation reserve account
- Y.  Others<sup>1</sup>
- Z.  Not Applicable

4.4.0

Criteria for Capitalization. (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation, and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)

	Equipment	Buildings & Improvements
A. Minimum Dollar Amount	<u>\$ 5,000</u>	<u>\$ 250,000</u>
B. Minimum Life Years	<u>1</u>	<u>20</u>

4.5.0

Group or Mass Purchase. Are group or mass purchases (initial complement) of similar items which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)

- A.  Yes<sup>1</sup>
- B.  No

<p><b>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTION</b></p>	<p><b>Continuation Sheet PART IV – DEPRECIATION AND USE ALLOWANCE  REVISION No. 8 - November 15, 2024 UNIVERSITY OF MARYLAND COLLEGE PARK</b></p>
Item No.	Item Description
4.1.1	<p><u>Asset Valuation and Useful Lives</u></p> <p>UMD’s audited financial statements report asset valuation at cost with recognition of depreciation. This practice is consistent with generally accepted accounting principles for public colleges and universities as outlined in the American Institute of Certified Public Accountant’s <u>Industry Audit Guide, Audits of Colleges, and Universities.</u></p> <p>-End of Part IV-</p>

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

PART V – OTHER COSTS AND CREDITS  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK

Item No.	Item Description
5.1.0	<p style="text-align: center;">Part V</p> <p><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 B. <input type="checkbox"/> Accrual<sup>1</sup></p>
5.2.0	<p><u>Applicable Credits.</u> This item is directed at the treatment of "applicable credits" as defined in the Uniform Guidance and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input checked="" type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate. B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect pool. C. <input type="checkbox"/> The credits/receipts are treated as income and are not offset against costs. Y. <input type="checkbox"/> Other<sup>1</sup></p> <p>-End of Part V-</p>

Instructions for Part VI

This part covers the measurement and assignment of costs for employee pensions, post-retirement benefits other than pensions (including post-retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balances at subordinate organization levels.

Where the segment (reporting unit) does not directly incur such costs, the segment should on a continuation sheet identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, the reporting unit should require the entity to complete the applicable portions of this Part IV. (See item 4, page (i), General Instructions)

6.1.0

Pension Plans.

6.1.1

Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)

Type of Plan

Number of Plans

A. Institution employees participate in

— State/Local Government Retirement Plan(s)

B.  Institution uses TIAA/Fidelity plan or other defined

4

— contribution plan that is managed  
by an organization not affiliated with  
the institution

C. \_\_\_ Institution has its own Defined-Contribution  
Plan(s)<sup>1</sup>

6.1.2

Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)

6.2.0

Post-Retirement Benefits Other Than Pensions (including post-retirement health care benefits) (PRBs). (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name, and indicate the approximate number and type of employees covered by each plan.)

Z. [ ] Not Applicable



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

**PART VI - DEFERRED COMPENSATION AND  
INSURANCE COSTS  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

- 6.2.1 Determination of Annual PRB Costs. (on a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices uses, including actuarial cost method, the asset valuation method, the criteria for charging actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)
- 6.3.0 Self-Insurance Programs (Employee Group Insurance). Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)
- A.  When accrued (book accrual only)
  - B.  When contributions are made to a non-forfeitable fund
  - C.  When contributions are made to a forfeitable fund
  - D.  When the benefits are paid to an employee
  - E.  When the amounts are paid to an employee welfare plan
  - Y.  Other or more than one method<sup>1</sup>
  - Z.  Not Applicable
- 6.4.0 Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)
- 6.4.1 Worker's Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)
- A.  When claims are paid or losses are incurred (no provision for reserves)
  - B.  When provisions for reserves are recorded based on the present value of the liability
  - C.  When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability
  - D.  When funds are set aside or contributions are made to a fund
  - Y.  Other or more than one method<sup>1</sup>
  - Z.  Not Applicable
- 6.4.2 Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)
- 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 indestructibles.
  - D.  Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)
  - Y.  Other or more than one method<sup>1</sup>
  - Z.  Not Applicable

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

**Continuation Sheet  
PART VI – DEFERRED COMPENSATION AND  
INSURANCE COST**

**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
6.1.0	<p>Regular status exempt employees and faculty can elect to enroll in either the Maryland State Retirement System or a defined contribution plan offered through the Optional Retirement Plan. Non-exempt employees must enroll in the defined benefit plan offered by the Maryland State Retirement System.</p>
6.1.1	<p><u>Pension Plans--Defined-Contribution Pension Plans.</u></p> <p>Teachers Insurance and Annuity Association / Fidelity (TIAA/Fidelity)</p> <p>The Optional Retirement Plan is a defined contribution plan. Under this type of pension, UMD deposits a defined percentage of employee’s salary into an investment program on an annual basis. This money accumulates until the time of retirement. At that time, this sum is paid out to the employee in annual increments. Under the Optional plan, a percentage of the employee's salary is also deducted and contributed to the plan. Vesting in the Optional Retirement Plan occurs immediately.</p> <p>The Defined-Benefit and Defined-Contribution Pension.</p> <p>An employee at the University of Maryland may participate in several supplemental retirement annuity programs. These programs are governed by Sections 403(b), and 401(k), and 457 of the Internal Revenue Service Code.</p>
6.1.2	<p><u>Defined-Benefit Pension Plan.</u></p> <p>The pension plan offered by the Maryland State Retirement System is defined benefit program. The plan uses a mathematical formula at the time of retirement to determine the monthly pension amount. This formula takes into consideration such factors as the length of employment, age at the time of retirement, and the average of the three highest consecutive years of salary. Vesting in the Maryland State Retirement System occurs after 10 years of service.</p>
6.2.0	<p><u>Post-Retirement Benefits Other Than Pensions (including post-retirement health care benefits) (PRBs).</u></p> <p><b>State of Maryland Health Care Plans</b></p> <p>Former employees who are receiving retirement benefits may continue to participate in the State health care insurance programs to include available health, vision, and dental plans. The State subsidizes the cost based on years of credit service (prorated). The retiree must pay the difference between the prorated subsidy and the entire premium cost.</p>

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

**Continuation Sheet  
PART VI – DEFERRED COMPENSATION AND  
INSURANCE COSTS**  
  
**REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
6.2.1	<p><u>Determination of Annual PRB Costs.</u></p> <p>UMD is assessed a proportion of the Medical Insurance Special Subsidy which can be charged to Federally-funded programs. The criteria for charging sponsored program accounts is employee enrollment in select pension plans. The State of Maryland establishes set percentage rates each fiscal year for the University’s contribution to the subsidy.</p>
6.3.0	Managed by the State of Maryland
6.4.0	Managed by the State of Maryland
6.4.2	Managed by the State of Maryland
	-End of Part VI-

<p><b>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</b></p>	<p><b>PART VII – CENTRAL SYSTEM OR GROUP EXPENSES  REVISION No. 8 - November 15, 2024 UNIVERSITY OF MARYLAND COLLEGE PARK</b></p>
Item No.	Item Description
<p>7.1.0</p> <p>7.2.0</p>	<p>DISCLOSURE BY CENTRAL SYSTEM OFFICE OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE AS APPLICABLE</p> <p style="text-align: center;">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 administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</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 the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p> <p><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><u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a 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 <u>to</u> the central system office or the intermediated 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-rate or allocation basis and the basis of such charges. If none, so state.</p>

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

**Continuation Sheet  
PART VII – CENTRAL SYSTEM OR GROUP EXPENSES  
REVISION No. 8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
7.1.0	<p><u>Organizational Structure</u></p>
	<p>See Organization Chart following item 7.2.0 E, on this continuation sheet.</p>
7.2.0	<p><u>Cost Accumulation and Allocation</u></p> <p>A. Services provided to segments of the University System</p> <p>The mission of the University System of Maryland Office (USMO) is to provide leadership, planning, and resource management to advance the quality and accessibility of USM services, and to increase the synergies among the USM member institutions.</p> <p>The USMO serves three principal constituencies: the citizens of Maryland, the USM Board of Regents, and the USM member institutions.</p> <p>The USMO develops strategic plans for the USM in response to statewide needs; ensures the efficient and effective use of the System’s financial resources; sets system wide performance standards; and facilitates collaborative efforts among USM institutions.</p> <p>The USMO recommends to the Board of Regents system wide policies and procedures; monitors academic, financial, and other administrative performance throughout the System; provides management information for planning and decision-making; develops and evaluates institutional leadership; and analyzes major issues facing the USM.</p> <p>The USMO charts the direction for the System as a whole; fosters; productive partnerships among institutions of the USM and with government, industry, and other key constituencies; secures financial support from public and private sources; arbitrates inter-institutional issues; and provides management counsel and technical assistance in key administrative areas.</p> <p>B. How the costs of the services are identified and accumulated</p> <p>University System of Maryland Office costs are identified and accumulated in its Financial System . Costs are recorded by objective of expenditure within cost centers. Reports are produced monthly which show detailed expenditures processed for the month, and year-to-date amounts summarized by object of expenditure within each cost center.</p> <p>The costs of the State of Maryland Central Services and Legislative Auditor are identified and accumulated. These costs are provided by the Department of Budget and Fiscal Planning and the Legislative Auditor, respectively.</p>

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

**Continuation Sheet  
PART VII – CENTRAL SYSTEM OR GROUP EXPENSES  
REVISION No.8 - November 15, 2024  
UNIVERSITY OF MARYLAND COLLEGE PARK**

Item No.	Item Description
7.2.0 continued	<p>C. Basis used to allocate the accumulated costs to the benefiting segments</p> <p>The allocation rate used to distribute USMO costs and the State Central costs is based on each institution's percentage of total system salaries and wages less the allocable portion of USMO. The costs of the Legislative Auditor are allocated directly to the institution as incurred.</p> <p>D. Any costs that are transferred from a segment to the central system office or intermediate administrative office, and which are relocated to another segment.</p> <p>None.</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.</p> <p>None.</p> <p>-End of Part VII-</p>

# ORGANIZATION CHART

