

**Forest Service Handbook  
National Headquarters (WO)  
Washington, DC**

**Forest Service Handbook 1909.13 – Program Development and Budgeting Handbook**

**Chapter 40 - Overhead Assessment**

**Amendment:** 1909.13-2020-1

**Effective date:** September 28, 2020

**Duration:** This amendment is effective until superseded or removed.

**Superseded Directive:** 1909.13\_40, Amendment 1909.13-2018-1, September 17, 2018

**Approved by:** Antoine L. Dixon, Chief Financial Officer (CFO)

**Date approved:** September 25, 2020

**Responsible Staff:**

**Explanation of changes:** Following is an explanation of the changes throughout the directive by section.

**Posting Instructions:** Amendments are numbered consecutively by handbook number and calendar year. Post by document; remove the entire document and replace it with this amendment. Retain this transmittal as the first page(s) of this document. The last amendment to this handbook was 1909.13-2018-1 to 1909.13\_contents.

Makes minor edits throughout the directive. Substantive changes are listed.

**40.1:** Removes obsolete reference to “Technical Release No. 8,” since it was rescinded by the Federal Accounting Standards Advisory Board (FASAB). Technical Release (TR) 8, *Clarification of Standards Relating to Inter-Entity Costs*, is no longer consistent with SFFAS 4, as amended, because the requirement to recognize inter-entity costs was revised significantly.

Adds paragraph regarding procedures for standard operating procedures relating to this directive.

**40.3:** Updates direction to ensure language is consistent with the policy which removed the reduced overhead assessment rate.

**40.61:** Updates direction stating that all agreements among Forest Service units/programs are exempt from the overhead assessment rate unless significant additional indirect costs have been identified.

**40.62:** Updates direction stating that agreements among Forest Service units/programs, in which significant additional indirect costs have been identified, are non-exempt from the overhead assessment rate.

**40.7:** Updates exhibit 02, and reflects that agreements among Forest Service units are exempt from the overhead assessment. Clarifies exhibit example referring to “A Forest Service unit receives funds from another Forest Service unit,” that the overhead assessment is not applied in this case.

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## 40.1 - Authority

Refer to FSM 1580.1 and FSH 1509.11 for most commonly used authorities for agreements with incoming funding. Refer to FSM 6510 and FSH 6509.11k for financial direction regarding indirect costs. In particular, refer to FSH 6509.11k, chapter 51 on Administrative Control of Funds, and chapter 52 on Obligations. Additional guidance is found in the Government Accountability Office's (GAO) Principles of Federal Appropriation Law (GAO/OGC-92-13).

1. OMB Circular A-11, Preparation, Submission, and Execution of the Budget, including Part 4 and Appendix H. This Circular provides:

- a. An overview of the budget process, including the basic laws and terms and concepts needed to better understand the budget process, including directions on administration of funds;
- b. Guidance on how to prepare and submit materials required for OMB and Presidential review of all Agency requests and the formulation of the budget; and
- c. Describes the requirements of the Government Performance Results and Modernization Act, 2010, relative to strategic plans, performance plans, and reports. Part 4 provides instructions on Budget Execution and related OMB guidelines. Appendix H provides a checklist for Funds Control Regulations.

2. OMB Circular A-123. This circular provides guidance to Federal Managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on management controls.

3. The Economy Act of 1932 (31 U.S.C. § 1535). This act prescribes the rules for the purchase of supplies, equipment, or service by one Federal Government agency or organizational unit within the same agency or from another Federal Government agency or organizational unit within the same agency.

4. Title 31, United States Code, section 1301(a) (31 U.S.C. § 1301(a)). This section provides that appropriations be applied only to the objects for which the appropriations were made except as otherwise provided for by law when certain criteria are met.

5. Consolidated Appropriations Act of 2014 (Pub. L. 113-76). This authority allows all United States Department of Agriculture (USDA) and U.S. Department of Interior (USDI) agencies to develop projects and conduct activities jointly or on behalf of one another, collocate in Federal offices or leased facilities, make reciprocal delegations of their respective authorities, duties, and responsibilities, and make transfer of funds and reimbursement of funds on an annual basis, including transfers and reimbursements for multi-year projects.

6. Consolidated Appropriations Act, 2017 (H.R.244). This Act requires the Forest Service transition, effective FY 2017, from no-year to multi-year (4 years) funds. The transition to multi-year funds requires the application of the “Bona Fide Needs Rule” on Agency use of its multi-year funds, which does not apply to no-year funds.

7. Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94). This Act changes fire suppression funds (WFSU) from “multi-year” funds, to “no-year” funds, beginning in FY 2021. In addition, the Act requires the creation of a Forest Service Operations account, for the necessary expenses of the Forest Service, as directed by section 435 of the Act.

8. Cooperative Funds Act of 1914 (16 U.S.C. § 498). This Act authorizes the Forest Service to accept money received as contributions toward cooperative work in forest investigations or protection, management, and improvement of the National Forest System. Used to accept cash contributions.

9. Granger-Thye Act of 1950 (16 U.S.C. § 572). Section 5 of this Act authorizes the Forest Service to perform work to be done for the benefit of the depositor, for administration, protection, improvement, reforestation, and such other kinds of work as the Forest Service is authorized to do on lands of the United States:

- a. On State, county, municipal, or private land within or near National forest land, or
- b. For others who occupy or use national forests or other lands administered by the Forest Service. This authority is used to accept cash contributions.

10. Forest and Rangeland Renewable Resources Research Act of 1978 (Pub. L. 108-198). This Act authorizes implementation of a program of forest and rangeland renewable resources research, dissemination of the research findings, and the acceptance of gifts, donations, and bequests and the investing thereof. This authority is used to accept gifts, donations, cash contributions, real, or personal property for Research only.

11. Intergovernmental Cooperation Act of 1968, (42 U. S. C. 4201 - 4233). This Act authorizes the Forest Service to provide special or technical services to States or subdivisions of States upon their written request. This authority is used to accept cash contributions.

12. Reciprocal Fire Protection Act of 1955, (42 U.S.C. 1856 a-d). This Act authorizes each agency head charged with the duty of providing fire protection for any property of the United States to enter into a reciprocal agreement, with any fire organization maintaining fire protection facilities in the vicinity of such property, for mutual aid in furnishing fire protection for such property and for other property for which such organization normally provides fire protection.

13. Federal Technology Transfer Act (FTTA) (15 U.S.C. 3710). This Act builds on the Stevenson-Wydler Act of 1980. FTTA improves access to Federal laboratories by non-Federal organizations. It allows government inventors to patent their technologies and receive a share of the royalties when patents are licensed. The goal of this legislation is to more efficiently and effectively put federally-funded technology to use in real-world applications.

14. Statement of Federal Financial Accounting Standards (SFFAS) 55, Amending Inter-Entity Cost Provisions. This authority requires full implementation of the inter-entity cost provision in SFFAS 4 for reporting periods beginning after September 30, 2009. This standard requires each entity's full cost should incorporate the full cost of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with the information on the full cost of such goods or services either through billing or other advice.

### **40.3 - Policy**

The Forest Service policy concerning the annual overhead assessment is as follows:

1. Overhead assessment rates are calculated on an "annual" basis. The annual national overhead assessment rate governs all Forest Service areas, except for those areas in which exceptions have been made for the program areas to calculate their own annual overhead assessment rates. As of this publication, those areas that calculate their own annual overhead assessment rate are: International Programs (IP), Research and Development (R&D); and the Enterprise Program (EP). R&D, IP and EP must determine a single (one) organization (R&D, IP, or EP) overhead assessment rate per year for their particular area.
2. The calculation of the annual overhead assessment rates for R&D, IP, and EP must be based upon the methodology for the rate protocol established in this policy (See sec. 40.7, ex. 03). Overhead assessment rates must not be negotiated, per agreement, or other applicable instrument. Failure to comply with this policy may result in violation of anti-deficiency statutes, causing augmentation. R&D, IP, and EP must provide their annual rates to the Director, Strategic Planning Budget and Accountability (SPBA) for publishing.
3. Forest Service units are encouraged to work with cooperators to increase the ability of the Agency to accomplish its mission and goals. When an activity is authorized by law, consistent with annual appropriations and furthers the Agency's mission, the Forest Service may receive funds from cooperators to assist in completion of the Agency's work. Forest Service units should make every effort to effectively and efficiently use contributions to accomplish on-the-ground work. To achieve this goal, the Forest Service shall not assess the overhead rate when cooperators contribute toward mutually beneficial activities, or when a cooperator meets the exemptions described in

section 40.61 (See definition of “mutual benefit” in sec. 40.5). In these cases where funds expand existing programs, most indirect costs associated with these programs are already included in the unit’s budget.

4. Forest Service units must charge an overhead assessment when required by law or when the cooperator and the Forest Service do not benefit mutually, in the same qualitative way from the objectives of the activity. When an overhead assessment is required, the Agency shall apply the appropriate annual overhead assessment rate to ensure full cost is recovered.

5. Authorities and instruments for work with cooperators are described in section 40.7, exhibit 01. Section 40.7, exhibit 02, contains decision trees for determining whether to charge overhead assessments. Section 40.7, exhibit 03, provides the methodology for calculating:

- a. The annual national overhead assessment rate; and
- b. The annual national rate protocol for calculating the annual overhead assessment rate for R&D, IP, and EP Program.

6. The Forest Service, in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) 55, (“SFFAS 55”), requires full-cost recovery of inter-entity costs, incorporating the full cost of goods and services that it receives from other entities. This requires inclusion of both indirect and direct costs in the total costs to provide the product or service. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice

7. Without specific authority, an agency may not augment its appropriations from outside sources (GAO/OGC-92-13 Appropriations Law-Vol. II, Page 6-103). Consequently, there are situations requiring the Agency to recover significant additional indirect costs for work completed for another party. In these cases, which are described in section 40.6, the appropriate overhead assessment must be applied in order to recover indirect costs, and to be in compliance with “full cost recovery” requirements of SFFAS 30.

8. The annual national overhead assessment rate must be determined and issued by the Chief Financial Officer, Budget and Finance, and published annually by the Director of SPBA. The annual overhead assessment rate and annual rate protocol shall be:

- a. A national overhead assessment rate for the Forest Service, with the exception of Research and Development, International Programs, and the Enterprise Program (since they have been granted an exception to calculate their own rates).

b. An independent rate protocol for determining the annual overhead assessment rates for Research and Development, the Office of International Programs, and the Enterprise Program, separate from the National rate by each of those respective offices.

9. Forest Service acquisition management instruments must include a provision describing whether or not the overhead assessment is applied according to the criteria in section 40.6. When the overhead assessment is applied, the overhead rate must be identified in the provision also. The overhead assessment must remain the same for the life of the instrument. If the agreement is modified to add funds, the current published overhead assessment rate must be applied to only those additional funds. Agreements must not be modified for the sole purpose of changing the overhead assessment rate.

10. Any specific Standard Operating Procedures (SOP) direction required by this directive for day to day activities of staff area business processes will be found at <https://usfs.app.box.com/v/cfostandardoperatingprocedures/>. These SOPs provide a description of process steps and required key control activities in accordance with the GAO Green Book, (<https://www.gao.gov/greenbook/overview>) to include controls to separate incompatible duties and responsibilities.

If further details for execution are required, the appropriate staff area Director will issue a supplemental SOP in concert and consistent with USDA and Forest Service policy.

A risk assessment will be conducted by the CFO to determine whether the SOP needs to be updated, on an annual basis.

#### **40.4 - Responsibility**

##### **40.41 - Washington Office**

##### **40.41a - Chief Financial Officer**

The Chief Financial Officer has the responsibility to:

1. Ensure the information used to calculate the overhead assessment rate is complete, reliable, consistent, and timely.
2. Ensure guidance is published regarding the Agency overhead assessment rate in this Handbook or chapter.
3. Issue an annual letter designating the annual National overhead assessment rate.
4. Ensure compliance of this directive at all levels within the Forest Service, including annual reviews to assure compliance.



5. Ensure data and systems have the capability to capture accurate information needed in calculating overhead assessment rates.

6. Review requests by program areas to calculate their own rate and make determinations to accept or reject these requests, based on the rationale, and general benefit of such request to the Agency.

#### **40.41b - Deputy Chiefs**

It is the responsibility of each Deputy Chief to approve instruments when the work performed is authorized by law, is consistent with the Agency's annual appropriation, and advances the Agency's mission, consistent with the delegations in FSM 1580.

#### **40.41c - Directors**

Directors have the same responsibilities as the Line Officers as listed in section 40.42a, paragraph 1-5.

#### **40.41d - Director of Financial Policy**

In addition to the responsibilities in section 40.41c, the Director of Financial Policy has the responsibility to:

1. Publish guidance regarding the Agency overhead assessment in this handbook or chapter and provide related information in the annual program direction.
2. Monitor and address compliance to this directive, including raising awareness to the CFO and/or other applicable senior Managers on non-compliance issues.
3. Provide guidance on the application of the overhead assessment policy.

#### **40.41e - Director of Audit and Assurance**

In addition to the responsibilities in section 40.41c, the Director of Audit and Assurance has the responsibility to:

1. Perform periodic reviews to ensure that each Deputy Chief complies with this policy.
2. Perform periodic reviews to ensure overhead assessment rates are properly calculated and applied.

#### **40.41f - Director of Budget and Finance, (B&F)**

In addition to the responsibilities in section 40.41c, the Director of Budget and Finance, (B&F), has the responsibility to:

1. Ensure the established overhead assessment rate methodology protocol is followed in calculating the national overhead assessment rate.
2. Ensure information used to calculate the overhead assessment rate is complete, reliable, consistent, and timely,
2. Ensure that detailed information is provided, as needed, on the calculation of each annual overhead assessment rate (such as funds that are excluded from the overhead calculation).
3. Issue the annual overhead assessment rate no later than the first quarter of the new calendar year.
4. Determine and communicate to the WO Program areas, Regions, Stations, Area, and Institute, the calendar year's national overhead assessment rate and ensure the annual rate(s) are sent to SPBA for publishing.
5. Serve as a central point for Research and Development, Office of International Programs, and the Enterprise Program regarding questions they may have in calculation of their overhead assessment rates.
6. Ensure the overhead assessment rate documented on the applicable instrument is applied accurately in the accounting system of record to ensure the assessment is processed as intended by the signatory official.
7. Return any instruments subject to the overhead assessment policy to the applicable field unit for correction and resubmittal if the overhead assessment, or exemption thereof, is not stated in the instrument. (All instruments must specify the overhead assessment rate, in accordance with Section 40.3 Policy, item 9.)
8. Ensure internal controls are in place to monitor adherence to the responsibilities, of your program area, to this policy.

#### **40.41g - Director of Strategic Planning, Budget, and Accountability**

In addition to the responsibilities in section 40.41c, the Director of Strategic Planning, Budget, and Accountability (SPBA) has the responsibility to: Publish the annual National overhead assessment rate, and the annual overhead assessment rates of the Office of International Programs, Research and Development and the Enterprise Program.

#### **40.41h - Director of Acquisition Management**

In addition to the responsibilities in section 40.41c, the Director of Acquisition Management has the responsibility to:

1. Work with delegated signatory official, to ensure that all agreements and applicable instruments processed have clearly identified the applicability of an overhead assessment, and the proper overhead assessment rate(s), in accordance with this policy.
2. Ensure consistency between the overhead assessment rate clauses in the terms and conditions of the agreement and overhead assessments addressed in the financial plan, if included.
3. Ensure all Forest Service related agreements provide for full cost recovery, including the proper application of the appropriate overhead assessment rate, in accordance with this directive. Any exemptions must be clearly in accordance with this directive.
4. Ensure there is only one overhead assessment rate per agreement, except for cases in which the agreement is modified to add funds, the current published overhead assessment rate must be applied to only those additional funds (See 40.3, #9 above.)

#### **40.41i - Deputy Chief of Research and Development**

In addition to the responsibilities in section 40.41b, the Deputy Chief of Research and Development has the responsibility to ensure that:

1. The overhead assessment rate calculated by Research and Development (R&D) is in compliance with the overhead assessment rate methodology protocol in section 40.7, exhibit 03 of this policy; and ensure that those responsible for calculating the overhead assessment rate for R&D understand that failure to comply with the referenced overhead assessment rate methodology protocol may result in violation of anti-deficiency statutes, causing augmentation.
2. The established overhead assessment rate methodology protocol is followed in calculating the R&D rate and the information used to calculate the overhead assessment rate is complete, reliable, consistent, and timely.
3. All Forest Service related agreements provide for full cost recovery, including the proper application of the appropriate overhead assessment rate, in accordance with this directive. Any exemptions must be clearly in accordance with this directive.
4. The R&D annual overhead assessment rate is submitted to the Director SPBA for annual publishing, no later than the first quarter of the new calendar year.

#### **40.41j - Director of the Office of International Programs**

In addition to the responsibilities in section 40.41c, the Director of the Office of International Programs has the responsibility to:

1. Ensure that the overhead assessment rate calculated by the Office of International Programs (IP) is in compliance with the overhead assessment rate methodology protocol in section 40.7, exhibit 03 of this policy; and ensure that those responsible for calculating the overhead assessment rate for IP understand that failure to comply with the referenced overhead assessment rate methodology protocol may result in violation of anti-deficiency statutes, causing augmentation.
2. Ensure the established overhead assessment rate methodology protocol is followed in calculating the IP rate and the information used to calculate the overhead assessment rate is complete, reliable, consistent, and timely.
3. Ensure all Forest Service related agreements provide for full cost recovery, including the proper application of the appropriate overhead assessment rate, in accordance with this directive. Any exemptions must be clearly in accordance with this directive.
4. Ensure that the IP annual overhead assessment rate is submitted to the Director SPBA for annual publishing no later than the first quarter of the new calendar year.

#### **40.41k - Director of the Enterprise Program**

In addition to the responsibilities in section 40.41c, the Director of the Enterprise Program (EP) has the responsibility to:

1. Ensure that the overhead assessment rates calculated by the EP are in compliance with the overhead assessment rate methodology protocol in section 40.7, exhibit 03 of this policy; and ensure that those responsible for calculating the overhead assessment rates for the EP understand that failure to comply with the referenced overhead assessment rate methodology protocol may result in violation of anti-deficiency statutes, causing augmentation.
2. Ensure the established overhead assessment rate methodology protocol is followed in calculating the EP rate and the information used to calculate the overhead assessment rate is complete, reliable, consistent, and timely.
3. Ensure all Forest Service related agreements provide for full cost recovery, including the proper application of the appropriate overhead assessment rate, in accordance with this directive. Any exemptions must be clearly in accordance with this directive.
4. Ensure that the EP annual overhead assessment rate is submitted to the Director SPBA for annual publishing no later than the first quarter of the new calendar year.

## **40.42 - Field Units**

### **40.42a - Line Officers**

It is the responsibility of the Regional Foresters, Station Directors, Institute Director, and Forest Supervisors to:

1. Establish and approve applicable instruments when work performed is authorized by law and advances the Agency's mission, consistent with the Agency's annual appropriation and the delegations in FSM 1580.
2. Perform periodic reviews to ensure that each unit is in compliance with agency direction related to grants and agreements.
3. Make determinations of whether a cooperator's contribution is mutually beneficial.
4. Negotiate agreements with a cooperator/partner, in concert with AQM Grants and Agreements:
  - a. Ensure that all agreements and applicable instruments processed have clearly identified the applicability of an overhead assessment rate and the proper overhead agreement rate, in accordance with this policy.
  - b. Ensure there is only one overhead assessment rate per agreement, except for cases in which the agreement is modified to add funds, the current published overhead assessment rate must be applied to only those additional funds (See 40.3, #9 above.)
  - c. Ensure consistency between the overhead assessment rate provision in the terms and conditions of the agreement and overhead assessment rates addressed in the financial plan, if included.
  - d. Ensure all Forest Service related agreements provide for full cost recovery, including the proper application of the appropriate overhead assessment rate, in accordance with this directive. Any exemptions must be clearly in accordance with this directive.
5. Ensure internal controls are in place to ensure adherence of your program area to this policy.
6. Perform periodic reviews to ensure overhead assessment rate is properly applied.

## **40.5 - Definitions**

Augment. When an agency receives funds in addition to their appropriations without specific authority.

Cooperator. An individual or entity that voluntarily desires to cooperate with the Forest Service on a project and is willing to formalize the relationship by entering into an agreement under the terms of FSH 1509.11.

Direct Costs. Direct costs are specifically identified with the delivery of a program or a program's accomplishments. Direct costs include expenses associated with employees working directly on the production of an output. Program management is an integral cost of the production of an output and therefore is included as a direct cost. Direct costs might also include costs not associated with employees involved in the production of output(s), such as office and other facility space, computer equipment, utilities, materials, supplies, and equipment.

Donation. Funds, property, or other assets voluntarily provided to the Forest Service when such transfer is made without any consideration.

Indirect costs. Expenses associated with general operations but not attributable to a specific program or output. Indirect costs are incurred as part of general management and administrative support of the organization. These costs may include: support for the unit's agreements program; budget and finance support; contracting and procurement support; oversight; and all other indirect support for these associated employees including space, utilities, telephone, telecommunications, personnel, services, and so forth.

Instrument. A written legal document that defines rights, duties, entitlements, or liabilities. This may include a grant, cooperative agreement, or other agreement.

Invitational travel. Travel where a non-Federal or Federal partner will pay for, or reimburse any part of travel related expenses.

Mutual benefit. All parties benefit in the same qualitative way from the objectives of the instrument.

Non-cash contribution. A non-monetary contribution toward the completion of a project.

Overhead assessment. The term is used to describe the amount collected from a Federal or non-Federal partner to recover Forest Service, or its units, indirect costs associated with a work agreement undertaking. This may be referred to as "burden" in other sections of Forest Service policy.

Overhead assessment rates. The percentage applied to funds received to cover Forest Service indirect costs. This may be referred to as "burden rate" in other sections of Forest Service policy.

## **40.6 - Application of the Overhead Assessment Rate**

The direction in sections 40.61 and 40.62 describe those agreements that are exempt or non-exempt from the overhead assessment rate. An exception may also exist when an existing master agreement identifies a rate different from the current overhead assessment rate. In this case, the original overhead assessment rate should be used in a new agreement, project supplement, or task order tiered to the existing master agreement. However, we must also ensure full cost recovery, in accordance with this directive.

With the removal of the “reduced overhead assessment rate,” all agreements among Forest Service units/program areas will be assessed a zero percent overhead assessment rate, unless significant additional indirect costs have been identified by the Line Officer. In such cases, the national overhead assessment rate would be assessed. Where applicable, please ensure reprogramming rules are followed (See FSH 1909.13, ch. 36, Reprogramming).

### **40.61 - Exempt**

The following are exempt from overhead assessments:

1. Instruments with external cooperators are exempt when the funds:
  - a. Contribute toward accomplishment of Forest Service goals, demonstrate mutual benefit (in the same qualitative way) between the Agency and the cooperator, and is stated as not required under section 40.7, exhibit 01 in this chapter, or
  - b. Are obtained to accomplish work, under part b of the Granger-Thye Act of 1950 (16 U.S.C. § 572), on National Forest System land in which the responsible party is the depositor.
2. All agreements among Forest Service units/programs, unless significant additional indirect costs have been identified by the Line Officer.
3. Service First agreements where it is documented in the agreement that each agency will bear its own related costs for overhead assessment and there will be no billing to partner agencies for such costs.

### **40.62 - Non-Exempt**

The following are non-exempt from overhead assessments and full costs should be recovered:

1. Agreements with a cooperator where the Forest Service does not benefit in the same qualitative way from the objectives of the work.
2. Agreements among Forest Service units/programs, in which significant additional indirect costs have been identified by the Line Officer.

3. Agreements with other Federal agencies under the Economy Act authority.
4. Service First agreements where it is not documented that “each agency will bear its own related costs for overhead assessment” and it is not documented “that there will not be any billing to partner agencies for such costs.”



## 40.7 - Exhibits

### 40.7 - Exhibit 01

#### Common Collection Authorities and Instruments for Working With Cooperators

FSM 1580 Agreements & Statutory Authority*	Type of Instrument	Overhead Assessment Required?
Granger-Thye Act of 1950 (16 U.S.C. § 572)	Collection Agreement	Yes, except work performed on NFS lands*
Intergovernmental Cooperation Act of 1968 (42 U. S. C. 4201 - 4233).	Collection Agreement	Yes
Cooperative Funds Act of 1914 (16 U.S.C. § 498).	Collection Agreement  This authority may also be added to a Challenge Cost Share or Participating Agreement	No
Forest and Rangeland Renewable Resources Research Act of 1978 (Pub. L. 108-198)	Collection Agreement	Not if mutual benefit exists
The Economy Act of 1932 (31 U.S.C. 1535).	Interagency Agreement	Yes
Service First Authority (43 U.S.C.1703)	Interagency Agreement	As documented in actual agreement
Reciprocal Fire Protection Act of 1955 (42 U.S.C. 1856 a-d).	Cooperative Fire Protection Agreement	Not if mutual benefit exists
Federal Technology Transfer Act (15 U.S.C. 3710).	Cooperative Research and Development Agreement	Not if mutual benefit exists

\* May exempt if work is performed on National Forest System lands, but effort should be made to collect overhead assessment rate.

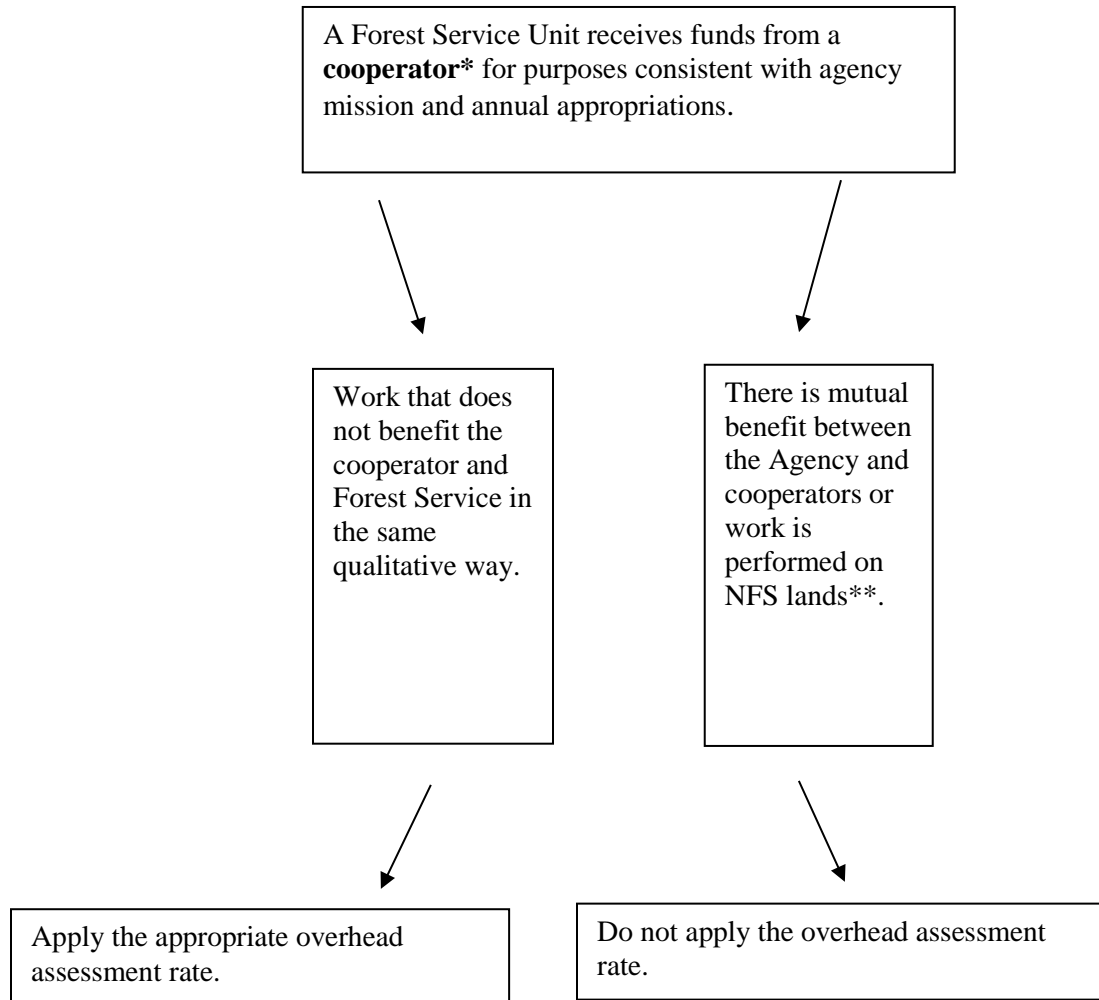
#### 40.7 - Exhibit 01-Continued

Non-FSM 1580 Collection Activities / Authority	Type of Instrument	Overhead Assessment Required?
Acceptance of Gifts Act of October 10, 1978 (Pub. L. 95-442).	No agreement needed, document with memo (Refer to DR 5200-003)	No
Agreements among Forest Service Units in which there are no significant additional indirect costs.	Referred to as Intra-Agency Agreement, but no specified format	No
Agreements among Forest Service Units in which there are significant additional indirect costs.		Yes

\*Agreements must include a collection authority if funds are to be collected.

## 40.7 – Exhibit 02

### Flowcharts Determining Overhead Assessments

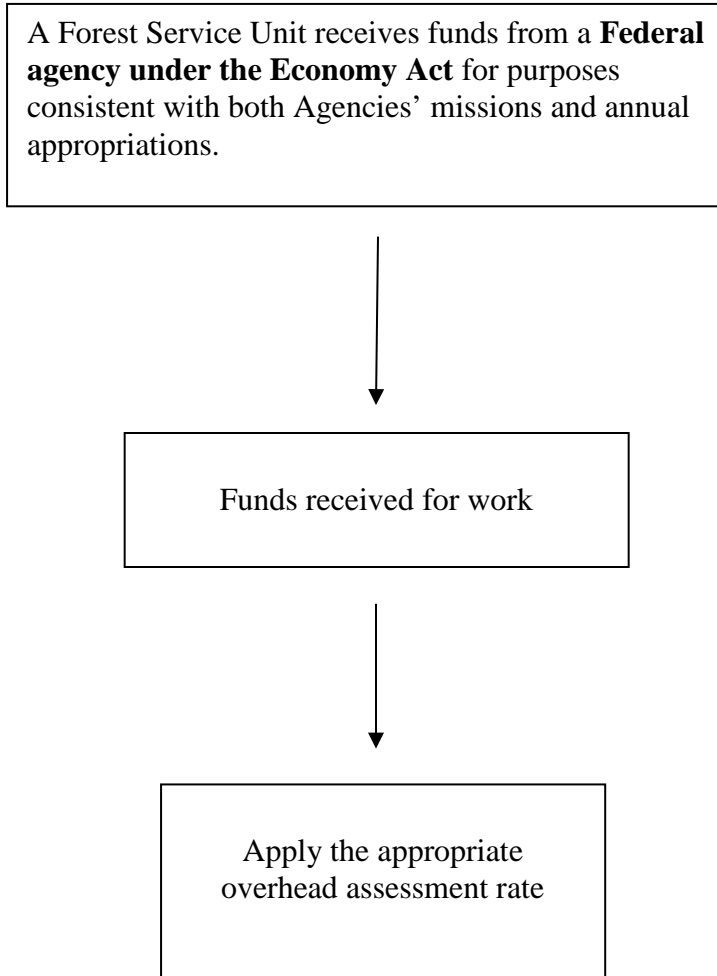


\*Does not include Federal cooperators under the Economy Act or another Forest Service unit. Service First agreements must exempt overhead, where it is documented in the agreement that each agency will bear its own related costs for overhead assessment and there will be no billing to partner agency (ies) for such costs.

\*\* May exempt to accomplish work under part b of Granger-Thye Act of April 24, 1950 (Pub. L. 81-478) on National Forest System (NFS) lands, but effort should be made to collect overhead assessment rate.

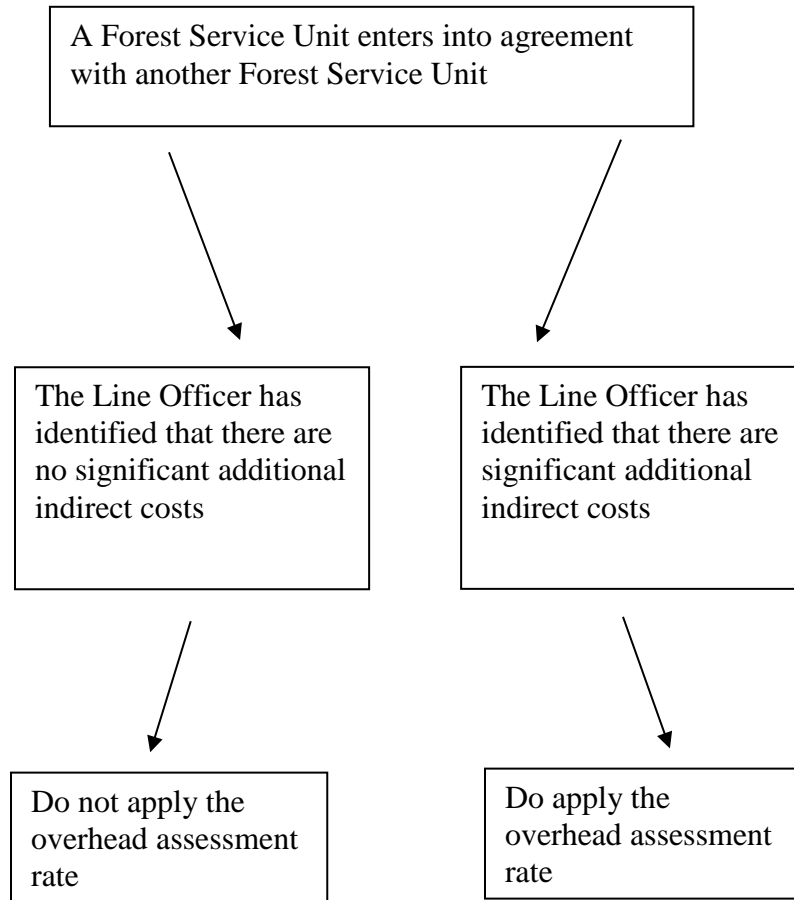
#### 40.7 - Exhibit 02--Continued

##### Flowcharts Determining Overhead Assessments



## 40.7 - Exhibit 02--Continued

### Flowcharts Determining Overhead Assessments



## 40.7 – Exhibit 03

### Overhead Assessment Rates Methodology

#### **NATIONAL OVERHEAD ASSESSMENT RATE**

The National Overhead Assessment Rate is calculated by dividing the Indirect Expended Authority Paid and Unpaid for the Prior Fiscal Year (PFY) only including the matching prior budget period (e.g., PFY 19, Budget Period 19xx only) by the Direct Expended Authority Paid and Unpaid for the PFY including all applicable prior budget periods (PFY19, Budget Period 16xx, 17xx, 18xx, etc.) while allowing for certain exclusions (e.g., Working Capital Fund, Emergency, Supplemental Fire Suppression Funds, Child account funds, and other determined funds by ASC B&F).

#### **ANNUAL OVERHEAD ASSESSMENT RATE PROTOCOL FOR RESEARCH AND DEVELOPMENT, THE OFFICE OF INTERNATIONAL PROGRAMS, AND THE ENTERPRISE PROGRAM**

The protocol for calculating the Annual Overhead Assessment Rate for Research and Development, International Programs, and the Enterprise Program is calculated by dividing the Indirect Expended Authority Paid and Unpaid for the Prior Fiscal Year (PFY) only, including the matching prior budget period (e.g., PFY 19, Budget Period 19xx only) by the Direct Expended Authority Paid and Unpaid for the PFY, including all applicable prior budget periods (e.g., PFY19, Budget Period 16xx, 17xx, 18xx, etc.).

(This calculated annual overhead assessment rate must be used with all agreements, and applicable instruments.)

Overhead assessment rates must not be negotiated per agreement, or other applicable instrument.) Failure to comply with this policy/protocol may result in violation of anti-deficiency statutes, or cause augmentation.