

ARKANSAS DEPARTMENT OF  
POLLUTION CONTROL AND ECOLOGY

MINUTE ORDER NO. 75-45

LOCATION - SUBJECT: \_\_\_\_\_

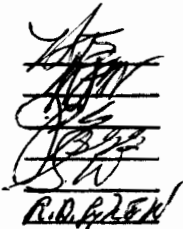
REQUEST FOR SUPPLEMENTAL APPROPRIATION

PAGE 1 OF 1 PAGES

The Department has received approval from EPA of an indirect cost rate of 34% (copy attached), which should result in obtaining additional federal funds for the water, air, and solid waste programs.

To utilize these funds during this fiscal year and Fiscal Year 1976-77, the staff has prepared and forwarded to the Budget Division a request for a supplemental federal appropriation (copy attached) to be considered by the General Assembly in January. Commission approval to pursue this increase is authorized.

COMMISSIONERS

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bally Fund Submitted by; A. Sacrey Date Passed: 12/5/75

November 21, 1975

Mr. John A. Ryles, Director  
Budget Division  
Department of Finance & Administration  
State Capitol Building  
Little Rock, Arkansas 72201

Dear Mr. Ryles:

RE Request for Additional Federal Appropriation

Pursuant to your conversation with Mr. Sacrey of our Department, we are enclosing our request for an additional federal appropriation for Maintenance and General Operation (Char 2) for the current fiscal year and FY 1976-77.

This request is brought about by the fact that we have received verbal approval from the Environmental Protection Agency of an indirect cost rate proposal (copy attached) which should enable the Department to gain additional federal monies from our water, air, and solid waste programs, all of which are funded through EPA. As will be noted, the approved rate is 34 percent which, for EPA purposes, will be applied to the direct salary costs for each program, then multiplied by the individual federal matching ratio (calculations attached).

Under present employment restraints, it is improbable that our salary costs will vary a great deal from those estimates shown; however, our maintenance and operation costs will increase substantially due to increased field activities, purchase of additional needed equipment, and replacement of existing items.

As will be noted in Item 1 of our submittal to EPA, the indirect character 2 costs were \$104,187, and were paid from both State and Federal funds. It is our understanding that, to maintain the 34 percent rate, these costs should be paid entirely from State funds. This being the case, approximately 48 percent of our State M&O appropriation (450-319-2-HMA) would be utilized this fiscal year, leaving a major portion of our other expenses, including those above, to be paid from our federal M&O appropriation (450-320-2-FYP). This, plus the fact that we should receive the additional federal funds previously mentioned, will enable us to take better advantage of available federal monies.

Mr. John A. Ryles  
November 21, 1975  
Page 2

Should you have any questions regarding this matter, or desire additional information, please feel free to call on us.

Sincerely,

S. Ladd Davies  
Director

SLD/bbc

Enclosures

EXPECTED RETURNS FROM INDIRECT COST  
RATE PROPOSAL - FY 1976, 1977

I. FY 1975 - 76

Direct Salaries (Estimated):

(020) Water Pollution -----	\$524,588
(030) Air Pollution -----	266,127
(040) Solid Waste -----	51,067
TOTAL -----	\$841,782

SALARY FIGURES  
TAKEN FROM SPREAD  
SHEET  
at 11/21/75

<u>Salaries</u>	X	<u>Indirect Rate</u>	X	<u>Federal %</u>	=	<u>Additional Funds</u>
(020) \$524,588		34%		55.6		\$ 99,168
(030) 266,127		34%		50.0		45,241
(040) 51,067		34%		47.8		8,299
		TOTAL				\$152,708

Assuming 80 percent utilization of funds due to final program grant payments being received in FY 77, Requested Appropriation Increase Request: \$152,708 X 80% = \$122,166.

II. FY 1976 - 77

Direct Salaries (FY 76 + 2.5%)

(020) Water Pollution -----	\$537,703
(030) Air Pollution -----	272,780
(040) Solid Waste -----	52,344
TOTAL -----	\$862,827

<u>Salaries</u>	X	<u>Indirect Rate</u>	X	<u>Federal %</u>	=	<u>Additional Funds</u>
(020) \$537,703*		34%*		56.0*		\$102,379
(030) 272,780*		34%*		50.0*		46,373
(040) 52,344*		34%*		50.0*		8,899
		Subtotal				\$157,651
		FY 1975-76 Carryover				30,542
		TOTAL				\$188,193

\*Estimated - Assuming 80% utilization as in FY 1975-76, Requested Appropriation Increase Request:

$$\$188,193 \times 80\% = \underline{\underline{\$150,554}}$$

LEGISLATIVE REQUEST FORM

DEPARTMENT: Pollution Control and Ecology

AOP PROGRAM TITLE: Water Pollution Control, Air Pollution Control,  
Solid Waste Control

ACCOUNTING DATA:  
(Accounting Data must include  
Fund Code and Title) 450-320-FYP, Pollution Control - Federal

PROPOSED FUNDING: Federal funds received from EPA due to approval of  
indirect cost allocation plan.

<u>AMOUNT OF REQUEST:</u>	<u>Budgeted 1975-76</u>	<u>Supplemental Request 1975-76</u>	<u>Supplemental Request 1976-77</u>
Regular Salaries			
Number of Positions			
Extra Help			
Number of Positions			
Maintenance and Gen. Opr.	\$303,960	\$122,166	\$150,554
Soc. Sec. & Ret. Match.			
Group Health Insurance			
Other			
<u>TOTAL</u>	<u>\$303,960</u>	<u>\$122,166</u>	<u>\$150,554</u>

SUMMARY OF REQUEST AND STATEMENT OF NEED:

Indirect cost allocation plan will require indirect expenses to be paid from State funds, which will utilize 48 percent of State M&O appropriation. To insure sufficient federal appropriation to pay balance of operating costs; as well as utilize additional federal funds, additional appropriation is needed.

IMPACT IF NOT APPROVED:

Department will lose the ability to utilize additional federal funds which will become available.

ALTERNATIVES:

1. Pay some indirect costs from existing funds, which will lessen the indirect cost percentage (now 34%) with proportional decrease in additional federal funds received from EPA due to initiation of this plan.
2. Initiate indirect cost plan, pay all indirect costs from State funds. This will bring in amounts shown above, but appropriation will be insufficient to allow expenditure of all funds.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

DEC 1 1975

RECEIVED

DEC 03 1975

ARK. DEPT. OF POLLUTION  
CONTROL AND ECOLOGY

Mr. S. Ladd Davies  
Director  
State of Arkansas  
Department of Pollution Control and Ecology  
8001 National Drive  
Little Rock, Arkansas 72209

Dear Mr. Davies:

The original and one copy of a negotiation agreement are enclosed. These documents reflect an understanding reached between your organization and a member of my staff concerning an indirect cost rate to be used on grants and contracts with the Federal Government.

Please sign the original and return it to me, retaining the copy for your files. The agreement will be countersigned and a fully executed copy returned to you.

Since the agreement does not become effective until signed by a duly authorized representative of your organization and countersigned, please give this matter your immediate attention.

Please return the signed original agreement to:

Mr. Donald L. Hambric  
Chief, Cost Review and Policy Branch (PM-214)  
Environmental Protection Agency  
Room 711, Crystal Mall Building 2  
Washington, D. C. 20460

Should you have any further questions regarding the Indirect Cost Rate Negotiation Agreement, contact Mr. John Zabretsky on (703) 557-7973.

Sincerely yours,

Handwritten signature of John E. Wenger, Jr. in cursive script.

John E. Wenger, Jr.  
Chief

Cost Policy and Rate Negotiation Section  
Cost Review and Policy Branch

Enclosure

STATE AND LOCAL DEPARTMENT/AGENCY  
INDIRECT COST NEGOTIATION AGREEMENT

Date:

State of Arkansas  
Department of Pollution Control and Ecology  
Little Rock, Arkansas

Filing Ref: Initial Agreement

The indirect cost rate contained herein is for use on grants and contracts with the Federal Government to which Federal Management Circular 74-4 applies subject to the limitations contained in the Circular and in Section II, A, below. The rate was negotiated by the State of Arkansas, Department of Pollution Control and Ecology and the U. S. Environmental Protection Agency in accordance with the authority contained in Attachment A, Section J., 4., b., of the Circular.

## SECTION I: RATE

<u>Type</u>	<u>Effective Period</u>		<u>Rate</u>	<u>Base</u>
	<u>From</u>	<u>To</u>		
Provisional	7/1/75	6/30/76	34.0%	(a)

Basis for Application:

(a) Direct salaries and wages.

Treatment of Fringe Benefits:

Fringe benefits applicable to direct salaries and wages are treated as direct costs.

## SECTION II: GENERAL

- A. **LIMITATIONS:** Use of the rate contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate agreed to herein is predicated upon the conditions: (1) that no costs other than those incurred by the grantee/contractor were included in the indirect cost rate proposal and that such costs are legal obligations of the grantee/contractor, (2) that the same costs that have been treated as indirect costs have not been claimed as direct costs, and (3) that similar types of costs have been accorded consistent treatment.

- B. NOTIFICATION TO FEDERAL AGENCIES: Copies of this document may be provided to other Federal Agencies as a means of notifying them of the agreement contained herein.
- C. SPECIAL REMARKS: None

ACCEPTANCE

By the State Agency:

By the Responsible Federal Agency:

S. Ladd Davies  
(Signature)

\_\_\_\_\_  
(Signature)

S. Ladd Davies  
(Name)

\_\_\_\_\_  
(Name)

Director  
(Title)

\_\_\_\_\_  
(Title)

Dept. of Pollution Control  
& Ecology  
(Agency)

\_\_\_\_\_  
(Agency)

December 3, 1975  
(Date)

\_\_\_\_\_  
(Date)

Negotiated by: John Zabretsky  
Telephone: (703) 557-7973