



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

DCA Western Field Office  
90 7th Street, Suite 4-600  
San Francisco, CA 94103  
PHONE: (415) 437-7820  
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E-MAIL: dcasf@psc.hhs.gov


April 30, 2014

Mark McGurk  
Associate Vice President/Comptroller  
University of Arizona  
University Services Building 888  
N. Euclid Ave., Rm. 502F  
Tucson, AZ 85721-0158

Dear Mr. McGurk:

A copy of an indirect cost/fringe benefit Negotiation Agreement is attached. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect/fringe benefit costs on grants and contracts with the Federal Government. Please have the Agreement signed by a duly authorized representative of your organization and return it to me BY EMAIL OR FAX, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost and fringe benefit proposal together with supporting information are required to substantiate your claim for costs under grants and contracts awarded by the Federal Government. Your next indirect cost proposal based on your fiscal year ending 06/30/17, is due in our office by 12/31/17 and your next fringe benefits proposal based on fiscal year ending 06/30/14 is due by 12/31/14.

Sincerely,  
  
Arif Karim, Director  
Division of Cost Allocation

Attachment

PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY EMAIL OR FAX

**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN: 74-2652689

DATE:04/30/2014

ORGANIZATION:

FILING REF.: The preceding agreement was dated 06/12/2013

University of Arizona  
University Services Building  
888 N. Euclid Ave., Rm. 502F  
Tucson, AZ 85721-0158

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

**SECTION I: INDIRECT COST RATES**

RATE TYPES:      FIXED                  FINAL                  PROV. (PROVISIONAL)      PRED. (PREDETERMINED)

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2013	06/30/2014	51.50	On-Campus	Organized Research
PRED.	07/01/2014	06/30/2015	52.50	On-Campus	Organized Research
PRED.	07/01/2015	06/30/2016	53.00	On-Campus	Organized Research
PRED.	07/01/2016	06/30/2018	53.50	On-Campus	Organized Research
PRED.	07/01/2013	06/30/2018	26.00	Off-Campus	Organized Research
PRED.	07/01/2013	06/30/2014	51.50	On-Campus	Instruction
PRED.	07/01/2014	06/30/2018	50.00	On-Campus	Instruction
PRED.	07/01/2013	06/30/2018	26.00	Off-Campus	Instruction
PRED.	07/01/2013	06/30/2014	51.50	On-Campus	Other Sponsored Activities
PRED.	07/01/2014	06/30/2018	47.00	On-Campus	Other Sponsored Activities
PRED.	07/01/2013	06/30/2018	26.00	Off-Campus	Other Sponsored Activities

ORGANIZATION: University of Arizona

AGREEMENT DATE: 4/30/2014

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<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	07/01/2018	Until Amended		(1)	

\*BASE

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as a portion of each subgrant and subcontract in excess of \$25,000.

(1) Use same rates and conditions as those cited for fiscal year ending June 30, 2018.

ORGANIZATION: University of Arizona

AGREEMENT DATE: 4/30/2014

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**SECTION I: FRINGE BENEFIT RATES\*\***

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<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	7/1/2014	6/30/2015	28.60	All	Faculty - Regular
FIXED	7/1/2014	6/30/2015	16.10	All	Faculty - Clinical
FIXED	7/1/2014	6/30/2015	28.10	All	Faculty - Ancillary
FIXED	7/1/2014	6/30/2015	47.80	All	Classified - Regular
FIXED	7/1/2014	6/30/2015	11.20	All	Classified - Temporary
FIXED	7/1/2014	6/30/2015	2.10	All	Student Employees
FIXED	7/1/2014	6/30/2015	13.30	All	Graduate Assistants
FIXED	7/1/2014	6/30/2015	27.20	All	Federal Employees
FIXED	7/1/2014	6/30/2015	50.00	All	Graduate Assistants Tuition Remission

\*\* DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages including vacation, holiday, sick leave pay and other paid absences.

ORGANIZATION: University of Arizona

AGREEMENT DATE: 4/30/2014

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**SECTION II: SPECIAL REMARKS**

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TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made, except where vacation benefit leave is accrued and earned but unused at the termination of a project.

OFF-CAMPUS DEFINITION AND APPLICATION

The off-campus rate is applicable to those projects conducted in facilities not owned or leased by the University. However, if the project is conducted in leased space and lease costs are directly charged to the project, then the off-campus rate must be used. A project is considered off-campus if more than 50% of its salaries and wages are incurred at an off-campus facility. If a project is determined to be off-campus, it shall be considered wholly off-campus. Separate on and off-campus rates will not be used for a single project.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The following fringe benefits are included in the fringe benefit rate(s): FICA, WORKERS COMPENSATION, UNEMPLOYMENT COMPENSATION, LIABILITY INSURANCE, HEALTH/ACCIDENT/LIFE/DISABILITY INSURANCE (HALD), DEPENDENT CARE ASSISTANCE, RETIREMENT, RETIREE SICK PAY, AND QUALIFIED TUITION REDUCTION PROGRAM FOR EMPLOYEES.

NEXT PROPOSAL DUE DATE

Your next indirect cost proposal based on your fiscal year ending 06/30/17, is due in our office by 12/31/17 and your next fringe benefits proposal based on fiscal year ending 06/30/14 is due by 12/31/14.

ORGANIZATION: University of Arizona

AGREEMENT DATE: 4/30/2014

**SECTION III: GENERAL**

**A. LIMITATIONS:**

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

**B. ACCOUNTING CHANGES:**

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

**C. FIXED RATES:**

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

**D. USE BY OTHER FEDERAL AGENCIES:**

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

**E. OTHER:**

If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:  
Arizona Board of Regents

University of Arizona

(INSTITUTION)

(SIGNATURE)

Lewis Barbieri, Director

(NAME) Office of Research and Contract Analysis

(TITLE)

5/20/14

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Arif Karim

(NAME)

Director, Division of Cost Allocation

(TITLE)

4/30/2014

(DATE) 0162

HHS REPRESENTATIVE: Jeanette Lu

Telephone: (415) 437-7820

UNIVERSITY OF ARIZONA  
FACILITIES AND ADMINISTRATIVE COST RATES

	ORGANIZED RESEARCH		ORGANIZED RESEARCH		ORGANIZED RESEARCH		ORGANIZED RESEARCH	
	JULY 1, 2013 THROUGH JUNE 30, 2014		JULY 1, 2014 THROUGH JUNE 30, 2015		JULY 1, 2015 THROUGH JUNE 30, 2016		JULY 1, 2016 THROUGH JUNE 30, 2018	
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS
BUILDING	3.9%		4.4%		4.6%		4.6%	
EQUIPMENT	2.9%		3.0%		3.0%		3.0%	
INTEREST	3.2%		3.3%		3.5%		3.5%	
OPERATIONS & MAINTENANCE	13.4%		13.7%		13.8%		14.3%	
LIBRARY	2.1%		2.1%		2.1%		2.1%	
GENERAL ADMINISTRATION	6.0%		6.0%		6.0%		6.0%	
DEPARTMENT ADMINISTRATION	18.1%		18.0%		18.0%		18.0%	
SPONSORED PROJECTS ADMINISTRATION	1.9%		2.0%		2.0%		2.0%	
STUDENT SERVICES	0.0%		0.0%		0.0%		0.0%	
ADMINISTRATION COMPONENTS	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
TOTAL	51.5%	26.0%	52.5%	26.0%	53.0%	26.0%	53.5%	26.0%

ADMINISTRATIVE COMPONENTS ARE CAPPED AT 26.0% IN ACCORDANCE WITH OMB A-21, DATED JULY 26, 1993.  
CONCUR:

  
(SIGNATURE)  
**Lewis Barbieri, Director**

Office of Research and Contract Analysis

TITLE

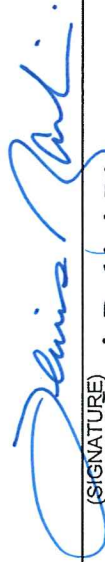
5/20/14

DATE

UNIVERSITY OF ARIZONA  
FACILITIES AND ADMINISTRATIVE COST RATES

	INSTRUCTION		INSTRUCTION		OTHER SPONSORED ACTIVITIES		OTHER SPONSORED ACTIVITIES	
	JULY 1, 2013 THROUGH JUNE 30, 2014	JULY 1, 2014 THROUGH JUNE 30, 2018	JULY 1, 2013 THROUGH JUNE 30, 2014	JULY 1, 2014 THROUGH JUNE 30, 2018	JULY 1, 2013 THROUGH JUNE 30, 2014	JULY 1, 2014 THROUGH JUNE 30, 2018	JULY 1, 2013 THROUGH JUNE 30, 2014	JULY 1, 2014 THROUGH JUNE 30, 2018
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS
BUILDING	3.6%	3.4%	2.7%	3.0%	2.7%	3.1%	2.7%	3.1%
EQUIPMENT	1.1%	1.0%	2.0%	1.0%	2.0%	1.5%	2.0%	1.5%
INTEREST	2.1%	2.1%	0.9%	2.1%	0.9%	0.9%	0.9%	0.9%
OPERATIONS & MAINTENANCE	9.2%	10.0%	12.4%	10.0%	12.4%	11.5%	12.4%	11.5%
LIBRARY	9.5%	7.5%	7.5%	7.5%	7.5%	4.0%	7.5%	4.0%
GENERAL ADMINISTRATION	3.5%	3.5%	3.0%	3.5%	3.0%	3.0%	3.0%	3.0%
DEPARTMENT ADMINISTRATION	14.6%	14.6%	22.0%	14.6%	22.0%	22.0%	22.0%	22.0%
SPONSORED PROJECTS ADMINISTRATION	1.1%	1.1%	1.0%	1.1%	1.0%	1.0%	1.0%	1.0%
STUDENT SERVICES	6.8%	6.8%	0.0%	6.8%	0.0%	0.0%	0.0%	0.0%
ADMINISTRATION COMPONENTS	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
TOTAL	51.5%	50.0%	51.5%	50.0%	51.5%	47.0%	51.5%	47.0%

ADMINISTRATIVE COMPONENTS ARE CAPPED AT 26.0% IN ACCORDANCE WITH OMB A-21, DATED JULY 26, 1993.  
CONCUR:

(SIGNATURE) 

Lewis Barbieri, Director  
Office of Research and Contract Analysis

TITLE

5/20/14

DATE