



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

1301 Young Street, Room 732
Dallas, TX 75202
PHONE: (214) 767-3261
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EMAIL: CAS-Dallas@psc.hhs.gov

April 4, 2017

Mr. Tim O'Donnell
Vice Chancellor for Finance & Administration
University of Arkansas
316 Administration Building
Fayetteville, AR 72701

Dear Mr. O'Donnell:

A copy of a facilities and administrative (F&A) cost and fringe benefit (FB) Rate Agreement are being sent to you for your signature. This Agreement reflects an understanding reached between your organization and a member of my staff concerning F&A and FB rates that may be used to support your claim for these indirect costs on grants and contracts with the Federal Government.

Please have the agreement signed by an authorized representative of your organization and return to me by email, retaining the copy for your files. Our email address is CAS-Dallas@psc.hhs.gov. We will reproduce and distribute the agreement to the appropriate awarding organizations of the Federal Government for their use.

In addition, your FB cost rate(s) for the fiscal year ending June 30, 2017 based on actual costs for the fiscal year ended June 30, 2015 and FB cost rates for the fiscal year ending June 30, 2018 based on actual costs for the fiscal year ended June 30, 2016 under-recovered (-) or over-recovered (+) amounts are listed below:

	<u>2015/2017</u>	<u>2016/2018</u>
Group #1	\$10,303	(\$8,434)
Group #2	\$40,578	\$104,144
Group #3	(\$311,421)	(\$149,801)
Group #4	(\$28,872)	(\$23,308)
Group #5	(\$2,486,386)	(\$5,903,422)
Co-op Ext. Serv. #1	(\$438,897)	(\$444,173)
Co-op Ext. Serv. #2	(\$8,114)	\$3,327

The fixed rates for the fiscal years ended June 30, 2015 and June 30, 2016 are considered final.

Mr. T. Donnell
April 4, 2017
Page 2 of 2

During our review of your proposal, it was disclosed that the Institution's actuarially determined pension contributions exceeded the Governmental Accounting Standards Board (GASB) Statement No. 68 calculated pension expense. However, 2 CFR 200.431(g)(3) only allows pension plan costs determined in accordance with GAAP (i.e., GASB 68). The Office of Management and Budget (OMB) is aware of this issue and is currently considering revising the regulations. Therefore, we reserve the right to revise this Agreement to disallow the pension contributions in excess of the GASB 68 calculated pension expense, if OMB does not revise the regulation or issue an exception.

Please indicate your concurrence with this condition by counter-signing this letter below and returning it to me.

A Fringe Benefit cost proposal, together with supporting information and the certified audit financial statement, is required each year. Thus, your next Fringe Benefit cost proposal based on actual costs for the fiscal year ending June 30, 2017 is due in our office by December 31, 2017. Your next Facilities and Administrative cost rate proposal based on actual costs for the fiscal year ending June 30, 2016 is currently under review.

Since this is an integral part of the negotiation agreement, please note your acceptance by signing in the space provided below of this letter.

Thank you for your cooperation.

Sincerely,

Arif M. Karim -A

Arif Karim
Director
Cost Allocation Services

Digitally signed by Arif M. Karim -A
DN: c=US, o=U.S. Government, ou=HHS, ou=PSC,
ou=People, cn=Arif M. Karim -A,
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Date: 2017.04.05 12:04:07 -05'00'

Enclosures

ACCEPTANCE

University of Arkansas

Institution

Signature

Name

Title

Date

Tim O'Donnell

Tim O'Donnell

Vice Chancellor - Finance

4/4/17

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1716003252A3

DATE:04/04/2017

ORGANIZATION:

FILING REF.: The preceding agreement was dated 02/05/2016

University of Arkansas
316 Administration Building
Fayetteville, AR 72701

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)	
	<u>EFFECTIVE PERIOD</u>				
<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2014	06/30/2015	46.50	On Campus	Organized Research
PRED.	07/01/2015	06/30/2016	47.00	On Campus	Organized Research
PRED.	07/01/2016	06/30/2017	47.50	On Campus	Organized Research
PRED.	07/01/2013	06/30/2017	49.00	On Campus	Instruction
PRED.	07/01/2013	06/30/2017	37.00	On Campus	Other Sponsored Activities
PRED.	07/01/2013	06/30/2017	46.00	On Campus	Ag. Exp. Station
PRED.	07/01/2013	06/30/2017	42.00	On Campus	Ark. Arch. Survey Inst.
PRED.	07/01/2013	06/30/2017	31.00	On Campus	Coop. Ext. Service
PRED.	07/01/2013	06/30/2017	30.00	On Campus	Criminal Justice Inst.
PRED.	07/01/2013	06/30/2017	37.00	On Campus	Clinton School
PRED.	07/01/2013	06/30/2017	26.00	Off Campus	All Programs

ORGANIZATION: University of Arkansas

AGREEMENT DATE: 4/4/2017

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	07/01/2017	06/30/2019			Use same rates and conditions as those cited for fiscal year ending June 30, 2017.

*BASE

Modified total direct costs, consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

ORGANIZATION: University of Arkansas
AGREEMENT DATE: 4/4/2017

SECTION I: FRINGE BENEFIT RATES**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	7/1/2016	6/30/2017	0.20	All	Group #1
FIXED	7/1/2016	6/30/2017	6.26	All	Group #2
FIXED	7/1/2016	6/30/2017	6.68	All	Group #3
FIXED	7/1/2016	6/30/2017	16.24	All	Group #4
FIXED	7/1/2016	6/30/2017	28.71	All	Group #5
FIXED	7/1/2016	6/30/2017	33.52	All	CES Group #1
FIXED	7/1/2016	6/30/2017	7.85	All	CES Group #2
FIXED	7/1/2017	6/30/2018	0.38	All	Group #1
FIXED	7/1/2017	6/30/2018	5.74	All	Group #2
FIXED	7/1/2017	6/30/2018	5.95	All	Group #3
FIXED	7/1/2017	6/30/2018	16.19	All	Group #4
FIXED	7/1/2017	6/30/2018	30.98	All	Group #5
FIXED	7/1/2017	6/30/2018	34.14	All	CES Group #1
FIXED	7/1/2017	6/30/2018	6.98	All	CES Group #2
PROV.	7/1/2018	6/30/2020			Use same rates and conditions as those cited for fiscal year ending June 30, 2018.

** DESCRIPTION OF FRINGE BENEFITS RATE BASE:
Salaries and wages.

ORGANIZATION: University of Arkansas

AGREEMENT DATE: 4/4/2017

SECTION II: SPECIAL REMARKS

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 are not made for the cost of these paid absences.

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s) the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Equipment Definition -

Equipment means article of nonexpendable, tangible personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit.

FRINGE BENEFITS:

FICA	Retirement
Worker's Compensation	Life Insurance
Health Insurance	Long Term Disability
Unemployment Insurance	Short Term Disability
Tuition Remission	Employee Assistance Program
Dental Insurance	Termination Pay

The next Facilities and Administrative cost rate proposal based on actual costs for the fiscal year ending June 30, 2016 is currently under review. The next Fringe Benefit cost proposal based on actual costs for the fiscal year ending June 30, 2017 is due in our office by December 31, 2017.

ORGANIZATION: University of Arkansas

AGREEMENT DATE: 4/4/2017

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 Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by 2 CFR 200, 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:

University of Arkansas

(INSTITUTION)

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

[Handwritten Signature]

Tim O'Donnell

Vice Chancellor - Finance

4/4/17

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Arif M. Karim -A

Digitally signed by Arif M. Karim -A
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ou=PSC, ou=People, cn=Arif M. Karim -A,
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(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

4/4/2017

(DATE) 0009

HHS REPRESENTATIVE:

Theodore Foster

Telephone:

(214) 767-3261