



DEPARTMENT OF HEALTH & HUMAN SERVICES

COPY

Program Support Center
Financial Management Service
Division of Cost Allocation
Central States Field Office

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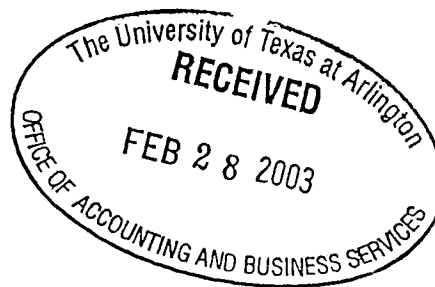
*mailed
3/10/03*

1301 Young Street, Room 732
Dallas, Texas 75202
(214)-767-3261
FAX: (214)-767-3264

OFFICE OF RESEARCH

February 12, 2003

Mr. Rusty Ward, CPA
Asst. Vice President for Finance & Controller
University of Texas at Arlington
The University of Texas System
Office of Accounting & Business SVC
P.O. Box 19136
Arlington, TX 76019-0136



Dear Mr. Ward:

The original and one copy of a facilities and administrative cost Rate Agreement are enclosed. 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 facilities and administrative costs on grants and contracts with the Federal Government.

In addition, the following is agreed between the University and this office:

- * We have approved a change to the University's equipment capitalization policy from \$1,000 to \$5,000 starting 09/01/02.
- * Equipment and supplies cost must be claimed in accordance with capitalization threshold/useful life assumptions reflected in the organization's financial statements.
- * Expenditures for equipment exceeding \$5,000 must be claimed by use allowance or depreciation procedures, unless that equipment is specifically approved by the awarding agency (or permitted by expanded/supplemental authority granted by an awarding agency) as a direct cost.
- * Grant proposal and contract budget submissions must be consistent with equipment capitalization threshold stipulated on the Rate Agreement.
- * Unamortized amounts will be written-off to benefitting activities over a period of 3 years (09/01/02 - 08/31/05). No further use allowance or depreciation may be claimed on existing equipment valued between \$1,000 and \$4,999 on any future indirect cost proposal. The effect of unamortized amounts related to the above assets has already been reflected in the Rate Agreement dated February 12, 2003.
- * Raising equipment threshold does not alter accountability responsibilities (including acquisition and safeguarding of supplies).
- * Must follow property management standards for equipment covered by new capitalization policy.
- * Department will exercise its disposition rights for equipment with a fair market value of \$5,000 or more [45 CFR 74.34(g) and 92.32(e)].

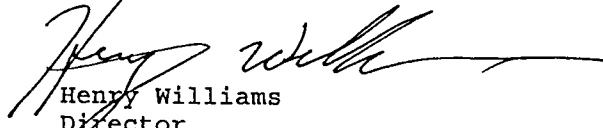
Please have the original signed by an authorized representative of your organization and return it to me, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

In addition, we are enclosing the component breakdown of the facilities and administrative cost rate(s) as agreed to by both parties. Please sign this form and return it with the signed Rate Agreement.

A facilities and administrative cost proposal, together with supporting information, is required each year to substantiate claims made for facilities and administrative costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending August 31, 2006 is due in our office by February 28, 2007.

Thank you for your cooperation.

Sincerely,



Henry Williams
Director
Division of Cost Allocation
Central States Field Office

Enclosures
Acceptance:

Rusty Ward

Name

Rusty Ward

Signature

Associate VP Finance & Controller

Title

3-5-03

Date

COLLEGES AND UNIVERSITIES RATE AGREEMENT

COPY

EIN #: 1756000121A1

DATE: February 12, 2003

INSTITUTION:
 University of Texas at Arlington
 The University of Texas System
 Office of Accounting & Business Svc
 P.O. Box 19136
 Arlington TX 76019-0136

FILING REF.: The preceding Agreement was dated September 3, 1999

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: FACILITIES AND ADMINISTRATIVE COST RATES*

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

| TYPE | EFFECTIVE PERIOD | | RATE (%) | LOCATIONS | APPLICABLE TO |
|-------|------------------|---------------|--|------------|--------------------|
| | FROM | TO | | | |
| PRED. | 09/01/02 | 08/31/05 | 48.0 | On Campus | Organized Research |
| PRED. | 09/01/02 | 08/31/05 | 26.0 | Off Campus | Organized Research |
| PRED. | 09/01/02 | 08/31/05 | 48.0 | On Campus | Instruction |
| PRED. | 09/01/02 | 08/31/05 | 26.0 | Off Campus | Instruction |
| PROV. | 09/01/05 | UNTIL AMENDED | Use same rates and conditions as those cited for fiscal year ending August 31, 2005. | | |

*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, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

INSTITUTION:
University of Texas at Arlington
The University of Texas System

AGREEMENT DATE: February 12, 2003

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

Fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits 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.

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. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate.

Equipment Definition -

Through fiscal year ended 08/31/02, equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$1,000 or more per unit. Effective 09/01/02, the acquisition cost of equipment, as defined above, is \$5,000 or more per unit.

FRINGE BENEFITS:

FICA
Retirement
Disability Insurance
Worker's Compensation
Life Insurance
Unemployment Insurance
Health Insurance

INSTITUTION:
University of Texas at Arlington
The University of Texas System

AGREEMENT DATE: February 12, 2003

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 Circular, 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.

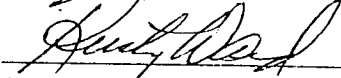
E. OTHER:

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:

University of Texas at Arlington
The University of Texas System

(INSTITUTION)



(SIGNATURE)

Rusty Ward

(NAME)

Associate Vice President for Finance

(TITLE)

3-5-03

(DATE)

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

Henry Williams

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION-

(TITLE) CENTRAL STATES FIELD OFFICE

February 12, 2003

(DATE) 0147

HHS REPRESENTATIVE: James R. Nolan

Telephone: (214) 767-3529

COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: UT - ARLINGTON

FY COVERED BY RATE: 9/1/02 - 8/31/05

ORGANIZED RESEARCH

| RATE COMPONENT: | <u>ON</u> | <u>OFF</u> |
|-----------------|-------------|-------------|
| Build Use/Depr | 2.3 | |
| Equipt Use/Depr | 3.5 | |
| Interest | 1.8 | |
| Oper & Maint | 13.6 | |
| Library | 0.8 | |
| Admin Component | 26.0 | 26.0 |
| TOTAL | <u>48.0</u> | <u>26.0</u> |

CONCURRENCE:

UT - ARLINGTON

(Institution)



(Signature)

Rusty Ward

(Name)

Associate Vice President for Finance

(Title)

3-5-03

(Date)