



DEPARTMENT OF HEALTH & HUMAN SERVICES

DEC 10 2003  
**ORIGINAL**

Program Support Center  
Financial Management Service  
Division of Cost Allocation

Cohen Building-Room 1067  
330 Independence Avenue, S.W.  
Washington, DC 20201  
PHONE: (202)-401-2808  
FAX: (202)-619-3379

December 1, 2003

Mr. Stephen A. Kimata  
Assistant Vice President for Finance  
The University of Virginia  
Carruthers Hall  
P.O. Box 400194  
Charlottesville, Virginia 22906-4194

Dear Mr. Kimata:

The original and one copy of a fringe benefits 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 fringe benefits on grants and contracts with the Federal Government.

In addition, both parties agree that the differences between fixed and actual fringe benefit costs for fiscal year ended September 30, 2002 (FY 02) are:

- \$256,603 over-recovery applicable to Faculty
- \$3,013,001 over-recovery applicable to Classified employees
- \$236,389 over-recovery applicable to Permanent Part-time employees
- \$348,434 under-recovery applicable to Part-time employees

These amounts have been included in your fixed fringe benefits rates for the fiscal year ending September 30, 2004, which are listed in the attached Rate Agreement.

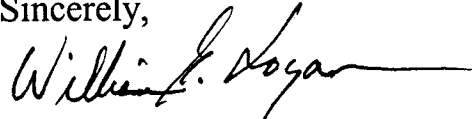
Enclosed are the original and one copy of the transmittal letter and Rate Agreement. To indicate your concurrence with the understanding cited above, please have the original transmittal letter and Rate Agreement signed by a duly authorized representative of your organization and return them to me, retaining a copy for your files. We will distribute the Agreement to the appropriate awarding agencies of the Federal Government for their use.

Mr. Stephen A. Kimata  
December 1, 2003

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A fringe benefit proposal, together with the required supporting information, must be submitted to this office for each year in which your organization claims fringe benefits under grants and contracts awarded by the Federal Government. Therefore, your next proposal for fringe benefits, based on actual costs for the fiscal year ending June 30, 2003, is due in our office by December 31, 2003.

Sincerely,



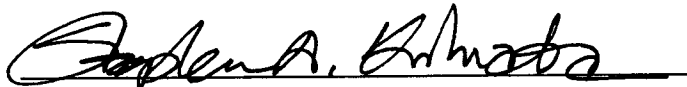
William G. Logan  
Director, Mid-Atlantic Field Office  
Division of Cost Allocation

Enclosures

**Concurrence:**

The University Virginia

(Institution)



(Signature)

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

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

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

## COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 54-6001796

DATE: December 1, 2003

INSTITUTION:  
University of Virginia  
Carruthers Hall  
P.O. Box 400194  
Charlottesville

FILING REF.: The preceding  
Agreement was dated  
April 10, 2003

VA 22906-4194

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.

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### SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

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

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/02	06/30/03	48.0	On-Campus	Organized Research
PRED.	07/01/02	06/30/03	23.6	Off-Campus	Organized Research
PRED.	07/01/03	06/30/05	52.0	On-Campus	Organized Research
PRED.	07/01/05	06/30/06	52.5	On-Campus	Organized Research
PRED.	07/01/03	06/30/06	26.0	Off-Campus	Organized Research
PRED.	07/01/02	06/30/06	50.0	On-Campus	Instruction
PRED.	07/01/02	06/30/06	26.0	Off-Campus	Instruction
PRED.	07/01/02	06/30/03	28.0	On-Campus	Other Spon Act
PRED.	07/01/02	06/30/03	22.5	Off-Campus	Other Spon Act
PRED.	07/01/03	06/30/06	32.8	On-Campus	Other Spon Act
PRED.	07/01/03	06/30/06	26.0	Off-Campus	Other Spon Act
PROV.	07/01/06	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2006.		

**\*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 Virginia

AGREEMENT DATE: December 1, 2003

SECTION I: FRINGE BENEFITS RATES\*\*

RATE TYPES: FIXED		FINAL	PROV. (PROVISIONAL)	PRED. (PREDETERMINED)	
<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE (%)</u>	<u>LOCATIONS</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
FIXED	07/01/03	06/30/04	30.5	All	Classified Employees
FIXED	07/01/03	06/30/04	24.5	All	Faculty Employees
FIXED	07/01/03	06/30/04	7.0	All	Hourly Employees
FIXED	07/01/03	06/30/04	10.5	All	Perm.Part-Time Empl.
PROV.	07/01/04	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2004.		

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

INSTITUTION:  
University of Virginia

AGREEMENT DATE: December 1, 2003

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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 are not made for the costs 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.

Fringe benefits include FICA/Medicare, retirement, disability insurance, life Insurance, TIAA/CREF, workers' compensation, unemployment insurance and health insurance.

Until 06/30/02, equipment means an article of nonexpendable tangible personal property having a useful life of more than one year, and an acquisition cost of \$2,000 or more per unit.

Effective 07/01/03, equipment means an article of nonexpendible tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

INSTITUTION:  
University of Virginia

AGREEMENT DATE: December 1, 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.

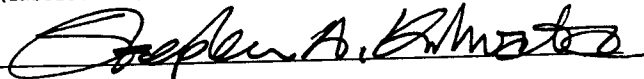
E. OTHER:

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 Virginia

(INSTITUTION)

  
(SIGNATURE)

Stephen A. Kimata  
(NAME)

Assistant Vice President  
for Finance and University  
Comptroller for the Rector  
and Visitors of the  
University of Virginia  
(TITLE)

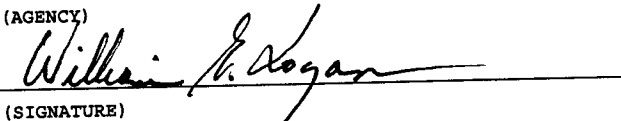
12/1/03  
(DATE)

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

  
(SIGNATURE)

William G. Logan  
(NAME)

DIRECTOR, MID-ATLANTIC FIELD OFFICE  
DIVISION OF COST ALLOCATION  
(TITLE)

December 1, 2003  
(DATE) 0450

HHS REPRESENTATIVE: Patricia Gilley  
Telephone: (202) 401-2808