



DEPARTMENT OF THE NAVY
OFFICE OF NAVAL RESEARCH
875 NORTH RANDOLPH STREET
SUITE 1425
ARLINGTON, VA 22203-1995

IN REPLY REFER TO:

Agreement Date: June 29, 2009

Supersedes Agreement dated: June 26, 2008

NEGOTIATION AGREEMENT

INSTITUTION: UTAH STATE UNIVERSITY
LOGAN, UTAH 84322-1445

The Facilities and Administrative (F&A) indirect cost rates contained herein are for use on all grants and/or contracts issued or awarded to Utah State University by all Federal agencies of the United States of America in accordance with the cost principles mandated by 2 CFR 220 (formerly Office of Management and Budget Circular A-21). These rates shall be used for forward pricing and billing purposes for Utah State University's Fiscal Year 2009. This rate agreement supersedes all previous rate agreements/determinations for Fiscal Year 2009.

SECTION I: RATES - TYPE: FIXED WITH CARRY-FORWARD PROVISIONS (FIXED)
PREDETERMINED (PRED)

Type	From	To	On Campus	Off Campus	Base	Applicable To
Fixed	7/1/08	6/30/09	39.20%	20.80%	(a)	Organized Research (1)
Fixed	7/1/08	6/30/09	39.50%	72.00%	(a)	Organized Research (2)
Pred	7/1/08	6/30/09	47.00%	26.00%	(a)	Instruction
Pred	7/1/08	6/30/09	11.90%	22.60%	(a)	Other Sponsored Activities

DISTRIBUTION BASE

- (a) Modified Total Direct Cost (MTDC), as defined in OMB Circular A-21, consisting of all salaries and wages, fringe benefits, materials and 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). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs (for facilities), scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs.

APPLICABLE TO

- (1) Applies to all Non-DOD instruments, all DOD grants, and all DOD contracts awarded before November 30, 1993 (See Section II, paragraph H). (Capped)
- (2) Applies only to DOD contracts awarded on or after November 30, 1993 in accordance with and under the authority of DFARS 231.303 (1) (See Section II, paragraph H). (Uncapped)

SECTION II - GENERAL TERMS AND CONDITIONS

A. LIMITATIONS: Use of the rates set forth under Section I of this agreement is expressly subject to any statutory or administrative limitations and is applicable to a given grant, contract, or other agreement only to the extent that funds are available and consistent with any and all limitations of cost clauses or provisions, if any, contained therein. Acceptance of any or all of the rates agreed to herein is predicated upon all the following conditions: (1) that no costs other than those incurred by the grantee/contractor were included in its indirect cost pool as finally accepted and that all such costs are legal obligations of the grantee/contractor and allowable under the governing and applicable cost principles; (2) that the same costs that have been treated as indirect costs are not claimed as direct costs; (3) that similar types of costs have been accorded consistent accounting treatment; and (4) that the information provided by the contractor/grantee, which was used as the basis for the acceptance of the rate(s) agreed to herein and expressly relied upon by the Government in negotiating and accepting the said rates, is not subsequently found to be materially incomplete or inaccurate.

B. ACCOUNTING CHANGES: The rates contained in Section I of this agreement are based on the accounting system in effect at the time this agreement was negotiated. Changes to the method(s) of accounting for costs which affects the amount of reimbursement resulting from the use of these rates requires the express and written approval of the authorized representative of the cognizant negotiating agency for the Government prior to implementation of any such changes. Such changes include but are not limited to changes in the charging of a particular type of cost from indirect to direct. Failure on the part of the grantee/contractor to obtain the required approval may result in subsequent cost disallowances.

C. FIXED WITH CARRY-FORWARD RATES: The fixed rates contained in this agreement are based on estimates of the costs for FY 2009. When actual costs for this fiscal year are determined, adjustments will be applied to the next subsequent rate negotiation to recognize the difference between the FY 2009 estimated costs used to establish the fixed rates and the negotiated actual FY 2009 costs.

D. PREDETERMINED RATES: The predetermined facilities and administrative cost rates contained in this agreement are subject only to adjustment in accordance with the provisions of 2 CFR 220.

E. PRIOR YEAR CARRY-FORWARDS: The rates set forth in Section I include the liquidation of the following carry-forward amounts:

		USU Under / (Over) Recovery		USU Under / (Over) Recovery	
		Capped	Capped	Uncapped	Uncapped
		<u>On Campus</u>	<u>Off Campus</u>	<u>On Campus</u>	<u>Off Campus</u>
Organized Research	FY02	\$ (388,207)			\$ 27,600
	FY03	\$ 78,540			
	FY04	\$ 148,193			
	FY05 Estim.	\$ (274,000)	\$ (425)	\$ (280,000)	
Other Sponsored Activities	FY01	\$ (67,715)	\$ 221,464		
	FY02	\$ (622,385)	\$ 183,957		
	FY03	\$ (945,484)	\$ 3,134		
	FY04	\$ (1,454,900)	\$ (156,664)		
	FY05 Estim.	\$ (209,000)			

F. OFF-CAMPUS: A project is considered off-campus if the activity is conducted at locations other than in university owned or supported facilities and indirect costs associated with physical plant and/or library are not considered applicable to the project.

G. USE BY OTHER FEDERAL AGENCIES: The rates set forth in Section I hereof were negotiated in accordance with and under the authority set forth in 2 CFR 220. Accordingly, such rates shall be applied, to the extent provided in such circular, to grants and contracts to which 2 CFR 220 is applicable, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other Federal agencies which have or intend to issue or award grants and/or contracts to Utah State University to use the stated rates or to otherwise provide such agencies with documentary notice of this agreement and its terms and conditions.

H. APPLICATION OF INDIRECT COST RATES TO DOD CONTRACTS / SUBCONTRACTS:

In accordance with DFARS 231.303, no limitation (unless waived by the institution) may be placed on the reimbursement of otherwise allowable indirect costs incurred by an institution of higher education under a DOD contract awarded on or after November 30, 1993, unless the same limitation is applied uniformly to all other organizations performing similar work. It has been determined by the Department of Defense that such limitation is not being uniformly applied. Accordingly, the rates cited (2) of Section I, as explained under the title "APPLICABLE TO" do not reflect the application of the 26% limitation on administrative indirect costs imposed by 2 CFR 220, whereas (1) does so.

I. SPECIAL REMARKS: The Government's agreement with the rates set forth in Section I is not an acceptance of Utah State University's accounting system, cost classifications, allocation methodologies, and proposed accounting changes included in the University's March 31, 2008 FY 2009 forward pricing proposal and supporting data. Any reliance by the Government on cost data or

methodologies submitted by Utah State University is on a non-precedence-setting basis and does not imply Government acceptance. The parties will continue to address any differences regarding accounting systems, cost classifications, allocation methodologies, and proposed accounting changes, as well as resolve any cost impact adjustments, as necessary. The parties will attempt to resolve these differences before finalization of FY 2009 actual costs.

Accepted:

FOR UTAH STATE UNIVERSITY:

By: 

David T. Cowley
Associate Vice President for Business &
Finance

Date: 6-29-09

FOR THE U.S. GOVERNMENT:

By: 

Deborah K. Rafi
Contracting Officer

Date: 6-29-2009

For information concerning this agreement contact:

Deborah K. Rafi
Office of Naval Research
875 N. Randolph St
Arlington, VA 22217

703.696.5641
703.696.2870 (fax)
E-mail: debbie.rafi@navy.mil

RATE COMPONENT SHEET

Institution: Utah State University

FY Covered: 2009

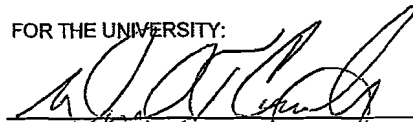
Function Rate is Applicable to: Organized Research

Type of Rate: FIXED with carry-forward provisions

Distribution Base: MTDC (see Below)

RATE COMPONENTS:	On Campus		Off Campus	
	Organized Research Capped	Uncapped	Organized Research Capped	Uncapped
1. ADMINISTRATIVE:				
A. G&A	4.08%	4.08%	4.08%	4.08%
B. DA	11.32%	11.32%	11.32%	11.32%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%
D. SPA	2.57%	2.57%	2.57%	2.57%
E. Student Services	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment				
Subtotal	21.57%	21.57%	21.57%	21.57%
2. DEPRECIATION/USE ALLOWANCE				
A. Buildings Deprec.	3.70%	3.70%		
B. Equipment Deprec.	3.10%	3.10%		
C. Improvements Deprec.	0.00%	0.00%		
3. INTEREST	0.24%	0.24%		
4. O&M	11.01%	11.01%		
5. LIBRARY	0.42%	0.42%		
6. CARRY-FORWARD ADJUSTMENTS:				
FY02 \$388,207 over-recovery	(0.74%)			
FY03 \$78,540 under-recovery	0.15%			
FY04 \$148,193 under-recovery	0.28%			
Estimated FY05 \$274,000 over-recovery	(0.52%)			
Estimated FY05 \$280,000 over-recovery		(0.53%)		
8. Rounding	(0.01%)	(0.01%)	0.01%	0.02%
Total	39.20%	39.50%	20.80%	72.00%
MTDC BASE (\$000):	\$ 52,642	\$ 52,642	\$ 55	\$ 55


FOR THE UNIVERSITY:


 David T. Cowley
 Associate Vice President for Business & Finance

6-29-09

Date

FOR THE U.S. GOVERNMENT:


 Deborah K. Rafi
 Contracting Officer

6/29/2009

Date

FOR OFFICIAL USE ONLY

RATE COMPONENT SHEET

Institution: Utah State University

FY Covered: 2009

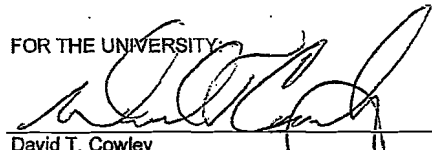
Function Rate is Applicable to: Sponsored Instruction

Type of Rate: Predetermined

Distribution Base: MTDC (see Below)

RATE COMPONENTS:	Instruction	
	On Campus	Off Campus
1. ADMINISTRATIVE:		
A. G&A	4.07%	4.07%
B. DA	11.55%	11.55%
C. DA Allowance	3.60%	3.60%
D. SPA	0.15%	0.15%
E. Student Services	10.37%	10.37%
F. Administrative Cap Adjustment	(3.74%)	(3.74%)
Subtotal	26.00%	26.00%
2. DEPRECIATION/USE ALLOWANCE		
A. Buildings Deprec.	4.50%	
B. Equipment Deprec.	0.91%	
C. Improvements Deprec.	0.00%	
3. INTEREST	0.02%	
4. O&M	7.62%	
5. LIBRARY	7.95%	
6. CARRY-FORWARD ADJUSTMENTS:		
8. Rounding		
Total	47.00%	26.00%
MTDC BASE (\$000):	\$ 106,655	\$ 1,616

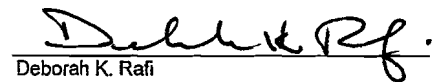
FOR THE UNIVERSITY:


 David T. Cowley
 Associate Vice President for Business & Finance

6-29-09

Date

FOR THE U.S. GOVERNMENT:


 Deborah K. Rafi
 Contracting Officer

6/29/09

Date

FOR OFFICIAL USE ONLY

RATE COMPONENT SHEET

Institution: Utah State University

FY Covered: 2009

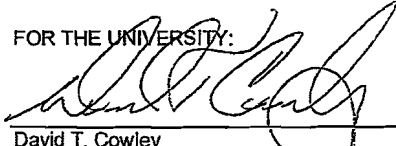
Function Rate is Applicable to: Other Sponsored Activities

Type of Rate: Predetermined

Distribution Base: MTDC (see Below)

RATE COMPONENTS:	Other Sponsored Activities	
	On Campus	Off Campus
1. ADMINISTRATIVE:		
A. G&A	4.07%	4.07%
B. DA	9.28%	9.28%
C. DA Allowance	3.60%	3.60%
D. SPA	1.90%	1.90%
E. Student Services	0.00%	0.00%
F. Administrative Cap Adjustment		
Subtotal	18.85%	18.85%
2. DEPRECIATION/USE ALLOWANCE		
A. Buildings Deprec.	1.59%	
B. Equipment Deprec.	0.30%	
C. Improvements Deprec.		
3. INTEREST	0.00%	
4. O&M	3.94%	
5. LIBRARY	0.42%	
6. CARRY-FORWARD ADJUSTMENTS:		
FY01 \$67,715 over-recovery	(0.27%)	FY01 \$221,464 under-recovery 3.33%
FY02 \$622,385 over-recovery	(2.49%)	FY02 \$183,957 under-recovery 2.76%
FY03 \$945,484 over-recovery	(3.78%)	FY03 \$3,134 under-recovery 0.05%
FY04 \$1,454,900 over-recovery	(5.82%)	FY04 \$156,664 over-recovery (2.35%)
Estimated FY05 \$209,000 over-recovery	(0.84%)	
8. Rounding		(0.04%)
Total	11.90%	22.60%
MTDC BASE (\$000):	\$ 24,989	\$ 6,656

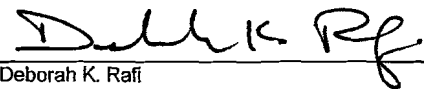
FOR THE UNIVERSITY:


 David T. Cowley
 Associate Vice President for Business & Finance

6-29-09

Date

FOR THE U.S. GOVERNMENT:


 Deborah K. Rafi
 Contracting Officer

Date

6/29/2009

FOR OFFICIAL USE ONLY