

DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center Financial Management Service Division of Cost Allocation

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

June 17, 2011

Laura D. Smith Vice President, Finance & Legislative Affairs University of Texas Health Science Center at Houston 7000 Fannin Street, Suite 1735 Houston, Texas 77030

Dear Ms. Smith:

A copy of a facilities and administrative (F&A) cost Rate Agreement is being faxed to you for signature. 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.

Please have the original signed by an authorized representative of your organization and fax it to me, retaining a copy for your files. Our fax number is (214) 767-3264. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

The Office of Management and Budget (OMB) has requested that we reach an agreement with each institution on components for the published F&A cost rates. The attached form(s) are provided for that purpose. Please sign the form(s) and return them with the agreement.

An F&A cost proposal, together with supporting information, are required to substantiate your claim for F&A costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending 8/31/2013 is due in our office by 02/28/2014.

Sincerely

Arif Karim

Director

Division of Cost Allocation Central States Field Office

Enclosures

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1741761309A3 DATE:06/17/2011

ORGANIZATION: FILING REF.: The preceding

University of Texas H.S.C. at Houston The agreement was dated

University of Texas System 06/11/2009

7000 Fannin Street Houston, TX 77030-

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

TYPE	FROM	170	ATE(%) LOCATION	APPLICABLE TO
PRED.	09/01/2008	08/31/2011	50.00 On Campus	Organized Research
PRED.	09/01/2008	08/31/2011	40.00 On Campus	Instruction
PRED.	09/01/2008	08/31/2011	26.00 Off Campus	Organized Research
PRED.	09/01/2011	08/31/2014	52.00 On Campus	Organized Research
PRED.	09/01/2011	08/31/2014	40.00 On Campus	Instruction
PRED.	09/01/2011	08/31/2014	24.00 On Campus	Other Sponsored Activities
PRED.	09/01/2011	08/31/2014	26.00 Off Campus	All Programs

TYPE	FROM	<u>TO</u>	RATE(%) LOCATION	APPLICABLE TO
PROV.	09/01/2014	Until	Use same	
		Amended	rates and	
			conditions	
			as those	
			cited for	
			fiscal year	
			ending	
			08/31/2014.	

*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 the portion of each subgrant and subcontract in excess of \$25,000.

ORGANIZATION: University of Texas H.S.C. at Houston The

University of Texas System AGREEMENT DATE: 06/17/2011

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

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

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

FRINGE BENEFITS:

FICA
Retirement
Worker's Compensation
Life Insurance
Unemployment Insurance
Health Insurance
Dental Insurance
Vacation Accrual Assessment

ORGANIZATION: University of Texas H.S.C. at Houston The University

of Texas System

AGREEMENT DATE: 06/17/2011

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 principles 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 BATES:

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:	ON BEHALF OF THE FEDER	RAL GOVERNMENT:
University of Texas H.S.C. at Houston The University of Texas System	DEPARTMENT OF HEALTR	AND HUMAN SERVICES
(INSTITUTION)	lagger light	
(SIGNATURE)	(SIGNATURE)	
T. Kevin Dillon	Arif Karim	
(NAME)	(NAME)	
Sr. EVP, Chief Operating & Financial Office	YDirector, Central State	ces Field Office
(TITLE)	(TITLE)	
June 21, 2011	6/17/2011	
(DATE)	(DATE) 0153	
	HHS REPRESENTATIVE:	Denise Shirlee
	Telephone:	(214) 767-3261

COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION:

University of Texas Health Science Center at Houston

FY COVERED BY RATE:

September 1, 2011 through August 31, 2014

APPLICABLE TO:

ORGANIZED RESEARCH

RATE COMPONENT:	ON CAMPUS	OFF CAMPUS
Building Depreciation	7.4	
Equipment Depreciation	2.0	
Interest	5.2	
Operation & Maintenance	10.4	
Library	1.0	
Administration	26.0	26.0_
TOTAL	52.0	26.0

CONCURRENCE:

University of Texas Health Science Center at Houston (Institution)

(Signature)

T. Kevin Dillon

(Name)

Sr. EVP, Chief Operating & Financial Officer

(Title)

June 21, 2011

(Date)