



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

May 10, 2013

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

Mr. Rowan A. Miranda
Associate Vice President for Finance
University of Michigan
3010 Fleming Administration Building
Ann Arbor, Mi 48109-1340

Dear Mr. Miranda:

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 6/30/2015 is due in our office by 12/31/2015.

Sincerely,


Arif Karim
Director
Division of Cost Allocation

Enclosures

PLEASE SIGN AND FAX A COPY OF THE RATE AGREEMENT

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1386006309A1

DATE:05/10/2013

ORGANIZATION:

FILING REF.: The preceding agreement was dated 03/01/2010

University of Michigan
5040 Administration Building
Ann Arbor, MI 48109-1340

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)
<u>EFFECTIVE PERIOD</u>					
<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2011	06/30/2014	55.50	On Campus	Organized Research
PRED.	07/01/2011	06/30/2014	54.00	On Campus	Instruction
PRED.	07/01/2011	06/30/2014	30.00	On Campus	Other Sponsored Activities
PRED.	07/01/2011	06/30/2014	26.00	Off Campus	All Programs
PRED.	07/01/2014	06/30/2015	55.50	On Campus	Organized Research
PRED.	07/01/2015	06/30/2016	55.00	On Campus	Organized Research
PRED.	07/01/2014	06/30/2016	54.00	On Campus	Instruction
PRED.	07/01/2014	06/30/2016	29.00	On Campus	Other Sponsored Activities
PRED.	07/01/2014	06/30/2016	26.00	Off Campus	All Programs

ORGANIZATION: University of Michigan

AGREEMENT DATE: 5/10/2013

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	07/01/2016	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2016.

*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 Michigan

AGREEMENT DATE: 5/10/2013

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. 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 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

Disability Insurance

Life Insurance

Health Insurance

Benefits Administration

Graduate Tuition Grant Program

Transportation Subsidy

Effective July 1, 2010, animal care cost will be included in the F&A rate MTDC base.

ORGANIZATION: University of Michigan

AGREEMENT DATE: 5/10/2013

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, 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 Michigan

(INSTITUTION)

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

Rowan A. Miranda

Associate Vice President for Finance
University of Michigan

5/22/13

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Arif Karim

(NAME)

Director, Division of Cost Allocation

(TITLE)

5/10/2013

(DATE) 5064

HHS REPRESENTATIVE:

Denise Shirlee

Telephone:

(214) 767-3261

COMPONENTS OF THE PUBLISHED FACILITIES & ADMINISTRATIVE COST RATE

INSTITUTION: UNIVERSITY OF MICHIGAN

FY COVERED BY RATE: FY 2014 - FY 2016

RATE TYPE:

RATE COMPONENTS:

	ORGANIZED RESEARCH			INSTRUCTION		OTHER SPON ACT	
	On-Camp FY 14 - 15	On-Camp FY 15 - 16	Off-Camp FY 14 - 16	On-Camp FY 14 - 16	Off-Camp FY 14 - 16	On-Camp FY 14 - 16	Off-Camp FY 14 - 16
Building Depreciation	7.0	6.8		5.2		0.4	
Equipment Depreciation	2.3	2.5		1.0		0.1	
Interest	0.9	0.6		0.5		0.1	
Operations & Maintenance	16.2	16.0		12.0		1.0	
Library	1.8	1.8		8.0		0.1	
Utility Cost Adjustment	1.3	1.3		1.3		1.3	
Administrative Component	26.0	26.0	26.0	26.0	26.0	26.0	26.0
F&A Rate	55.5	55.0	26.0	54.0	26.0	29.0	26.0

CONCURRENCE:

UNIVERSITY OF MICHIGAN
(Institution)

(Signature) 

(Name) **Rowan A. Miranda**
Associate Vice President for Finance
University of Michigan

(Title)

(Date) 5/22/13