

July 17, 1998

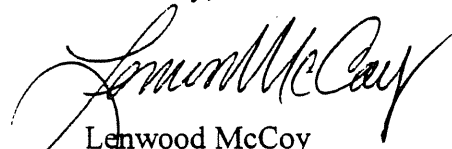
Mr. Charles J. Seed, Director
Division of Cost Allocation
Department of Health and Human Services
Cohen Building, Room 1067
330 Independence Avenue, SW
Washington, DC 20201

Dear Mr. Seed:

Enclosed is the original copy of the indirect cost Rate Agreement for the fringe benefit rates for Virginia Tech dated June 25, 1998. This agreement reflects the settlement of the fringe benefit rates for FY 1998-99.

Thank you for your cooperation in making this settlement. Please give me a call if there are questions or if you require additional information.

Sincerely,


Lenwood McCoy
University Controller

Enclosure

- c: Minnis E. Ridenour
Raymond D. Smoot, Jr.
H. Tom Hurd ✓
Kenneth Miller
Rhoda Myers

Barbara
Please make a copy
and distribute to
All Administrators
+ Thomas & Wally
Thank
to



DEPARTMENT OF HEALTH & HUMAN SERVICES

COPY

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

June 25, 1998

Mr. Lenwood D. McCoy
Controller
Virginia Polytechnic Institute and State University
201 Southgate Center
Blacksburg, VA 24061-0312

Dear Mr. McCoy:

The enclosed Rate Agreement reflects an understanding reached between your organization and a member of my staff concerning rates that may be used to support your claims for fringe benefit costs on Sponsored Agreements.

In addition, both parties agree that:

- ▶ Differences between fixed and actual fringe benefit costs for your fiscal year (FY) ended June 30, 1997 are an:
 - • \$189,350 under-recovery applicable to Faculty employees; ✓
 - • \$782,905 over-recovery applicable to Classified employees; and, ✓
 - • \$420,236 under-recovery applicable to Part-Time employees ✓

These amounts have been included in the approved fixed fringe benefit rate for FY99.

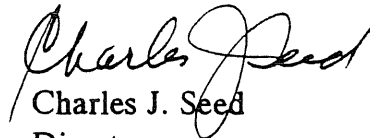
- ▶ Subsequent fringe benefit rate submissions will include a reconciliation of proposed labor and fringe benefit costs to the appropriate audited financial statements.

To indicate concurrence with these understandings, please have the "original" Rate Agreement and this letter signed by a duly authorized representative of your

organization and return them to me, retaining a copy for your files. We will distribute the Rate Agreement to the appropriate Federal awarding agencies for their use.

A fringe benefit proposal, together with necessary supporting information, must be submitted to this office for each fiscal year in which your organization claims fringe benefits on Sponsored Agreements. Therefore, your next fringe benefit proposal (based on actual costs for your fiscal year ending June 30, 1998) is due in our office by December 31, 1998.

Sincerely,

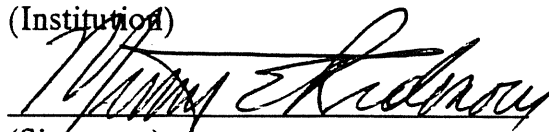

Charles J. Seed
Director
Division of Cost Allocation

Enclosure

CONCURRENCE:

Virginia Polytechnic Institute and State University

(Institution)



(Signature)

Minnis E. Ridenour

(Name)

Executive Vice President

(Title)

7/9/98

(Date)

COPY

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 54-6001805

DATE: June 25, 1998

INSTITUTION:
Virginia Tech
Office of the University Controller
201 Southgate Center
Blacksburg VA 24061-0312

FILING REF.: The preceding Agreement was dated June 9, 1997

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.	07/01/96	06/30/98	45.0	On-Campus	Organized Research
PRED.	07/01/96	06/30/98	27.7	Off-Campus (A)	Organized Research
PRED.	07/01/96	06/30/98	26.0	Off-Campus (B)	Organized Research
PRED.	07/01/96	06/30/98	56.0	On-Campus	Instruction
PRED.	07/01/96	06/30/98	35.0	Off-Campus (A)	Instruction
PRED.	07/01/96	06/30/98	29.0	On-Campus	Other Spon Act
PRED.	07/01/96	06/30/98	24.0	Off-Campus (A)	Other Spon Act
PRED.	07/01/96	06/30/98	50.0	On-Campus	Agric Experiment
PRED.	07/01/96	06/30/98	25.0	Off-Campus (A)	Agric Experiment
PROV.	07/01/98 UNTIL AMENDED		Use same rates and conditions as those cited for fiscal year ending June 30, 1998.		

(A) Off-Campus Adjacent: Activities performed within the commuting area of Blacksburg, VA.

(B) Off-Campus Remote: Activities performed outside the commuting area of Blacksburg, VA.

*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:
Virginia Tech

AGREEMENT DATE: June 25, 1998

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	07/01/98	06/30/99	24.0	All	Faculty
FIXED	07/01/98	06/30/99	31.0	All	Classified
FIXED	07/01/98	06/30/99	9.0	All	Part-Time
PROV.	07/01/99	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 1999.		

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

INSTITUTION:
Virginia Tech

AGREEMENT DATE: June 25, 1998

SECTION II: SPECIAL REMARKS

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 for the costs of these paid absences are not made.

Fringe Benefits include: FICA, Retirement, Life Insurance, Educational Leave for employees, Faculty-Staff fee waivers, Workers' Compensation, Health and Unemployment Insurance.

Tuition benefits for family members other than employees are unallowable for fiscal years beginning after June 30, 1999.

Equipment means an article of nonexpendable tangible personal property having a useful life of more than one year, and an acquisition cost of \$500 or more per unit.

This rate agreement updates the fringe benefits only.

INSTITUTION:
Virginia Tech

AGREEMENT DATE: June 25, 1998

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:

Virginia Tech

(INSTITUTION)

(SIGNATURE)

Minnis E. Ridenour

(NAME)

Executive Vice President

(TITLE)

(DATE)

7/9/98

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Charles J. Seed

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

June 25, 1998

(DATE) 0449

HHS REPRESENTATIVE: June Talbert

Telephone: (202) 401-2808