



VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY

Office of the University Controller

201 Southgate Center (0312), Blacksburg, Virginia 24061
(540) 231-6418 Fax: (540)231-7221

June 29, 2001.

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 May 18, 2001. This agreement reflects the settlement of the fringe benefit rates for fiscal year ending June 30, 2002.

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,

Kenneth E. Miller
University Controller

Enclosure

c: Minnis E. Ridenour
M. Dwight Shelton, Jr.
Leonard Peters
David McGarry ✓
Rhoda Myers



DEPARTMENT OF HEALTH & HUMAN SERVICES

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

May 18, 2001

Mr. Ken Miller
Controller
Office of the University Controller
201 Southgate Center (0312)
Virginia Polytechnic University
Blacksburg, Virginia 24061

JUN18'01PM 4:27 CMTLR

Dear Mr. Miller:

The original and one copy of an Indirect Cost 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 indirect costs 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 June 30, 2000 (FY 00) are:

- \$169,985 under-recovery applicable to regular Faculty;
- \$472,157 over-recovery applicable Classified personnel ;
- \$173,427 over-recovery applicable part-time personnel

These amounts have been included in your fixed benefits rates for the year ending June 30, 2002, which are listed in the attached Rate Agreement.

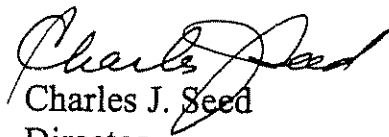
Enclosed are the original and one copy of the letter of transmittal and Rate Agreement. To indicate your concurrence with the understanding cited above, please have the original signed by a duly authorized representative of your organization and return it to me, retaining a copy for your files. We will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

Mr. Ken Miller

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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 06/30/01, is due in or office by 12/31/01.

Sincerely,



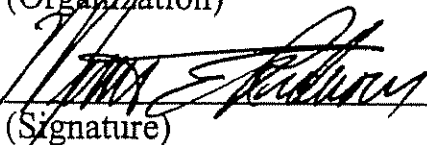
Charles J. Seed
Director
Division of Cost Allocation

Enclosures

Concurrence:

Virginia Polytechnic University

(Organization)



(Signature)

Minnis E. Ridenour

(Name)

Executive Vice President & Chief Operating Officer

(Title)

6/26/01

(Date)

COLLEGES AND UNIVERSITIES RATE AGREEMENT

ORIGINAL

EIN #: 54-6001805

DATE: May 18, 2001

INSTITUTION:
Virginia Polytechnic Institute
and State University
Office of the University Controller
201 Southgate Center
Blacksburg VA 24061-0312

FILING REF.: The preceding
Agreement was dated
June 12, 2000

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.	07/01/98	06/30/00	45.0	On-Campus	Organized Research
PRED.	07/01/00	06/30/01	45.5	On-Campus	Organized Research
PRED.	07/01/01	06/30/02	46.0	On-Campus	Organized Research
PRED.	07/01/02	06/30/03	46.2	On-Campus	Organized Research
PRED.	07/01/98	06/30/00	27.7	Off-Campus (A)	Organized Research
PRED.	07/01/00	06/30/03	27.0	Off-Campus (A)	Organized Research
PRED.	07/01/98	06/30/03	26.0	Off-Campus (B)	Organized Research
PRED.	07/01/98	06/30/03	56.0	On-Campus	Instruction
PRED.	07/01/98	06/30/03	35.0	Off-Campus (A)	Instruction
PRED.	07/01/98	06/30/03	29.0	On-Campus	Other Spon Act
PRED.	07/01/98	06/30/03	24.0	Off-Campus (A)	Other Spon Act
PRED.	07/01/98	06/30/03	50.0	On-Campus	Agric Exper Stat
PRED.	07/01/98	06/30/03	25.0	Off-Campus (A)	Agric Exper Stat
PROV.	07/01/03	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2003.		

*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 Polytechnic Institute
 and State University

AGREEMENT DATE: May 18, 2001

SECTION I: FRINGE BENEFITS RATES**

RATE TYPES:		FIXED	FINAL	PROV. (PROVISIONAL)	PRED. (PREDETERMINED)
TYPE	EFFECTIVE PERIOD		RATE(%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
FIXED	07/01/01	06/30/02	25.0	All	Faculty
FIXED	07/01/01	06/30/02	33.0	All	Classified
FIXED	07/01/01	06/30/02	7.0	All	Part-Time
PROV.	07/01/02	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2002.		

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

INSTITUTION:
Virginia Polytechnic Institute
and State University

AGREEMENT DATE: May 18, 2001

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.

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.

(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.

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 \$2,000 or more per unit.

This Rate Agreement updates the Fringe Benefits only.

INSTITUTION:
Virginia Polytechnic Institute
and State University

AGREEMENT DATE: May 18, 2001

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 Polytechnic Institute
and State University

(INSTITUTION)

(SIGNATURE)

Minnis E. Ridenour

(NAME)

Executive Vice President &
Chief Operating Officer

(TITLE)

(DATE)

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)

May 18, 2001

(DATE) 0449

HHS REPRESENTATIVE: Richard Gist

Telephone: (202) 401-2808