



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

Cohen Building-Room 1087
330 Independence Avenue, S.W.
Washington, DC 20201
PHONE: (202)-401-2808
FAX: (202)-619-3379

February 12, 2009

Mr. James R. Maples
Assistant Vice President and Controller
University of Tennessee - Knoxville
201 Andy Holt Tower
Knoxville, TN 37996 0100

Dear Mr. Maples:

The original and one copy of this facilities and administrative (F&A) cost Rate Agreement are enclosed. This Agreement is issued to establish an understanding reached between your organization and the Division of Cost Allocation concerning the rate(s) that may be used to support your claim for F&A costs on grants and contracts with the Federal Government.

Please have the original signed by an 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.

The Office of Management and Budget (OMB) has requested that we reach an agreement with each institution on the components of the published F&A rates. The attached form is provided for that purpose. Please sign the form and fax it with the original Rate Agreement.

A facilities and administrative cost rate proposal, together with the supporting information, are required to substantiate your claim for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending 06/30/11, will be due in our office by 12/31/11.

Sincerely,

A handwritten signature in black ink that reads "Darryl W. Mayes".

Darryl W. Mayes
National Director
Division of Cost Allocation

PLEASE SIGN AND RETURN THE ORIGINAL OF THE RATE AGREEMENT

ORIGINAL**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN #: 1626001636A1

DATE: February 12, 2009

INSTITUTION:
 University of Tennessee - Knoxville
 Controller's Office
 201 Andy Holt Tower
 Knoxville

TN 37996-0100

FILING REF.: The preceding
 Agreement was dated
 October 12, 2005

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.	07/01/08	06/30/09	47.0	On-Campus	Research
PRED.	07/01/08	06/30/09	26.0	Off-Campus	Research
PRED.	07/01/08	06/30/12	49.0	On-Campus	Instruction
PRED.	07/01/08	06/30/12	26.0	Off-Campus	Instruction
PRED.	07/01/08	06/30/12	36.0	On-Campus	Othr Spon Actvs
PRED.	07/01/08	06/30/12	21.0	Off-Campus	Othr Spon Actvs
PRED.	07/01/09	06/30/11	48.0	On-Campus	Research
PRED.	07/01/09	06/30/11	26.0	Off-Campus	Research
PRED.	07/01/11	06/30/12	49.0	On-Campus	Research
PRED.	07/01/11	06/30/12	26.0	Off-Campus	Research
PROV.	07/01/12	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2012.		
PRED.	07/01/08	06/30/12	6.2	Off-Campus	IPA (A)

(A) Intergovernmental Personnel Act Agreements. All UT-KNX Campuses.

***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.

INSTITUTION:
University of Tennessee - Knoxville

AGREEMENT DATE: February 12, 2009

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

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 costs 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.

Fringe Benefits include: FICA, Retirement, Workers' Compensation, Unemployment Insurance, Health Insurance, Life Insurance, Terminal Leave, Employee Tuition Remission, and Employer 401K Match.

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.

Effective 07/01/05, this agreement reflects inclusion of an Intergovernmental Personnel Act (IPA) rate.

INSTITUTION:
University of Tennessee - Knoxville

AGREEMENT DATE: February 12, 2009

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:

University of Tennessee - Knoxville

(INSTITUTION)

(SIGNATURE)

Gary W. Rogers

Dr. Gary Rogers

(NAME)

Senior Vice President & CFO

(TITLE)

3/9/09

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

Department of Health and Human Services

(AGENCY)

(SIGNATURE)

Darryl W. Mayes

Darryl Mayes

(NAME)

Director

Division of Cost Allocation

(TITLE)

February 12, 2009

(DATE) 0318

HHS REPRESENTATIVE: Jay Mervis

Telephone: (202) 401-2808

Institution: University of Tennessee - Knoxville
 FY Covered by Rates: FYE 06/30/09 - 06/30/12

RATE COMPONENTS:	Organized Research			Instruction		Other Spons Act		IPA
	On-Camp FY '09	On-Camp FY '10 - '11	On-Camp FY '12	On-Camp FY '09 - '12	On-Camp FY '09 - '12	On-Camp FY '09 - '12	Off-Camp FY '09 - '12	
Building - Depr/Use Allow	3.0	3.2	3.4	1.8	1.0			
Equipment - Depr/Use Allow	3.8	4.0	4.2	3.2	3.1			
Interest	2.3	2.5	2.7	1.2	1.4			
Operations & Maintenance	10.1	10.3	10.5	10.5	8.4			
Library	1.8	2.0	2.2	6.3	1.1			
Administrative Component	26.0	26.0	26.0	26.0	21.0			6.2
Total	47.0	48.0	49.0	49.0	36.0			6.2

CONCURRENCE:

Gary W. Rogers

Signature _____
 Dr. Gary Rogers _____
 Name _____
 Senior Vice President & CFO _____
 Title _____
 3/9/09 _____
 Date _____