



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

April 26, 2011

Mr. John O'Connor
Associate Vice President/Controller
Southern Methodist University
Office of financial Accounting
P.O. Box 750233
Dallas, TX 75275-0233

Dear Mr. O'Connor:

The original and one copy of a facilities and administrative cost and fringe benefit Rate Agreement are enclosed. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the facilities and administrative rate (s) and fringe benefit rate(s) that may be used to support your claim for indirect 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 organization of the Federal Government for their use.

The Fixed Fringe Benefit cost rate(s) for the fiscal year ending May 31, 2011 are based on actual costs for the fiscal year ended May 31, 2009. They included the following under-recovered (-) or over-recovered (+) costs:

Regular Faculty and Staff	-	Under-recovery amount of (\$3,332,639)
Faculty & Staff-Extra Compensation (No retirement)	-	Over-recovery amount of \$770
Post Doctoral Fellows	-	Under-recovery amount of (\$32,096)
Graduate Assistants	-	-0-

The fixed rate(s) for fiscal year ended May 31, 2008 is considered final.

The Fixed Fringe Benefit cost rate(s) for the fiscal year ending June 30, 2012 are based on actual costs for the fiscal year ended June 30, 2010. They included the following under-recovered (-) or over-recovered (+) costs:

Regular Faculty and Staff	-	Under-recovery amount of (\$2,121,393)
Faculty & Staff-Extra Compensation (No retirement)	-	Over-recovery amount of \$2,375
Post Doctoral Fellows	-	Under-recovery amount (\$36,041)
Graduate Assistants	-	-0-

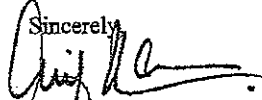
The fixed rate(s) for fiscal year ended May 31, 2011 is considered final.

A Fringe Benefit cost proposal, together with supporting information and the certified audit financial statement, is required each year. Your next Fringe Benefit proposal based on actual costs for the fiscal year ending May 31, 2011 is due in our office by November 30, 2011. Your next F&A proposal based on actual costs for the fiscal year ending May 31, 2012 is due in our office by November 30, 2012.

Mr. John O'Connor
Southern Methodist University
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Since this is an integral part of the negotiation agreement, please note your acceptance by signing in the space provided on this page of the letter.

Thank you for your cooperation.

Sincerely,

Arif Karim, Director
Division of Cost Allocation
Central States Field Office

Enclosures
ACCEPTANCE:

Southern Methodist University
(Institution)


(Signature)

Christine Casey
(Name)

Vice President Business and Finance
(Title)

9/9/2011
(Date)

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1750800689A1

DATE: 04/26/2011

ORGANIZATION:

Southern Methodist University
Office of Financial Accounting P.O. Box
750233
Dallas, TX 75275-0233

FILING REF.: The preceding
agreement was dated
05/14/2010

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

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	06/01/2007	05/31/2009	45.50	On Campus	Organized Research
PRED.	06/01/2007	05/31/2009	45.50	On Campus	Instruction
PRED.	06/01/2009	05/31/2012	46.50	On Campus	Organized Research
PRED.	06/01/2009	05/31/2012	46.50	On Campus	Instruction
PRED.	06/01/2012	05/31/2013	47.00	On Campus	Organized Research
PRED.	06/01/2012	05/31/2013	47.00	On Campus	Instruction
PRED.	06/01/2007	05/31/2013	26.00	Off Campus	All Programs

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	06/01/2013	Until Amended		"Use same rates and conditons as cited for FYE 5/31/13."	

*BASE

Total direct costs excluding capital expenditures (buildings, individual items of equipment; alterations and renovations), that portion of each subaward in excess of \$25,000; hospitalization and other fees associated with patient care whether the services are obtained from an owned, related or third party hospital or other medical facility; rental/maintenance of off-site activities; student tuition remission and student support costs (e.g., student aid, stipends, dependency allowances, scholarships, fellowships).

ORGANIZATION: Southern Methodist University

AGREEMENT DATE: 04/26/2011

SECTION I: FRINGE BENEFIT RATES**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	6/30/2010	5/31/2011	28.00	All	(A)
FIXED	6/30/2010	5/31/2011	3.00	All	(B)
FIXED	6/30/2010	5/31/2011	25.30	All	(C)
FIXED	6/30/2010	5/31/2011	32.00	All	(D)
FIXED	6/1/2011	5/31/2012	28.00	All	(A)
FIXED	6/30/2011	5/31/2012	3.00	All	(B)
FIXED	6/1/2011	5/31/2012	25.30	All	(C)
FIXED	6/1/2011	5/31/2012	32.00	All	(D)
FINAL	6/30/2012	Until amended		"Use same rates and conditions as cited for FYE 5/31/12."	

**** DESCRIPTION OF FRINGE BENEFITS RATE BASE:**

Salaries and wages.

- (A) Faculty and Staff
- (B) Faculty and Staff Extra Compensation (No Retirement)
- (C) Post Doctoral Fellows
- (D) Graduate Research Assistants

ORGANIZATION: Southern Methodist University

AGREEMENT DATE: 04/26/2011

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 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	Worker's Compensation
Life Insurance	Unemployment Insurance
Health Insurance	Tuition Remission
Dental Insurance	Benefit Administration
Faculty Clubs	Wellness Program
Housing Assistance	

ORGANIZATION: Southern Methodist University

AGREEMENT DATE: 04/26/2011

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 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:

Southern Methodist University

(INSTITUTION)

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Arif Karim

(NAME)

Director, Central States Field Office

(TITLE)

4/26/2011

(DATE) 0123

HHS REPRESENTATIVE:

Shon Turner

Telephone:

(214) 767-3261