



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Portfolio  
Cost Allocation Services

1301 Young Street, Room 732  
Dallas, TX 75202  
PHONE: (214) 767-3261  
FAX: (214) 767-3264  
EMAIL: CAS-Dallas@psc.hhs.gov

April 25, 2019

Mr. Terry L. Johnson  
Chief Financial Officer and Treasurer  
University of Iowa  
105 Jessup Hall  
Iowa City, IA 52242

Dear Mr. Johnson:

A copy of a facilities and administrative (F&A) cost and fringe benefit (FB) Rate Agreement are being sent to you for your signature. This Agreement reflects an understanding reached between your organization and a member of my staff concerning F&A and FB rates that may be used to support your claim for these indirect costs on grants and contracts with the Federal Government.

In addition, your FB cost rate(s) for the fiscal year ending June 30, 2019 based on actual costs for the fiscal year ended June 30, 2017 and FB cost rates for the fiscal year ending June 30, 2020 based on actual costs for the fiscal year ended June 30, 2018 under-recovered (-) or over-recovered (+) amounts are listed below:

	<u>2017/2019</u>	<u>2018/2020</u>
Clinical Faculty:	\$1,995,041	\$1,373,303
Fellows:	204,291	(131,375)
Post-Doctoral/Graduate Assistants:	5,409	1,607,625
Non-Clinical Faculty:	837,515	(1,473,814)
Professional & Scientific:	(3,064,899)	(6,269,498)
Temporary Staff:	(483,829)	(294,668)
Composite:	90,766	18,297

The fixed rate(s) for the fiscal years ended June 30, 2017 and June 30, 2018 are considered final.

During our review of your proposal, it was disclosed that the Institution's actuarially determined pension contributions exceeded the Governmental Accounting Standards Board (GASB) Statement No. 68 calculated pension expense. However, 2 CFR 200.431(g)(3) only allows pension plan costs determined in accordance with GAAP (i.e., GASB 68). The Office of Management and Budget (OMB) is aware of this issue and is currently considering revising the regulations. Therefore, we reserve the right to revise this Agreement to disallow the pension contributions in excess of the GASB 68 calculated pension expense, if OMB does not revise the regulation or issue an exception.

Mr. T.L. Johnson  
April 25, 2019  
Page 2 of 2

Please indicate your concurrence with this condition by counter-signing this letter below and returning it to me.

Please have the Agreement signed by an authorized representative of your organization and return it to me by email, retaining the copy for your files. Our email address is [CAS-Dallas@psc.hhs.gov](mailto:CAS-Dallas@psc.hhs.gov). We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

A Fringe Benefit cost proposal, together with supporting information and the certified audit financial statement, is required each year. Thus, your next Fringe Benefit cost proposal based on actual costs for the fiscal year ending June 30, 2019 is due in our office by December 31, 2019. Your next Facilities and Administrative cost rate proposal based on actual costs for the fiscal year ending June 30, 2020 is due in our office by December 31, 2020. Please submit your proposal electronically via email to [CAS-Dallas@psc.hhs.gov](mailto:CAS-Dallas@psc.hhs.gov).

Since this is an integral part of the negotiation agreement, please note your acceptance by signing in the space provided below of this letter.

Thank you for your cooperation.

Sincerely,

Arif M.  
Karim -S

Arif Karim  
Director  
Cost Allocation Services

Digitally signed by Arif M. Karim -S  
DN: cn=US, o=U.S. Government, ou=HHS,  
ou=P5C, ou=People, cn=Arif M. Karim -S,  
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Date: 2019.04.26 12:53:33 -0500

Enclosures

ACCEPTANCE

University of Iowa

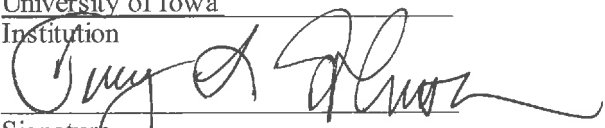
Institution

Signature

Name

Title

Date

  
Terry L. Johnson  
CFO & Treasurer  
4/26/2019

**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN: 1426004813A1

DATE: 04/25/2019

ORGANIZATION:

FILING REF.: The preceding agreement was dated 12/11/2018

University of Iowa  
105 Jessup Hall  
Iowa City, IA 52242

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.	07/01/2018	06/30/2019	52.50	On Campus	Organized Research
PRED.	07/01/2019	06/30/2022	54.50	On Campus	Organized Research
PRED.	07/01/2018	06/30/2022	45.00	On Campus	Instruction
PRED.	07/01/2018	06/30/2019	28.50	On Campus	Other Sponsored Activities
PRED.	07/01/2019	06/30/2022	25.00	On Campus	Other Sponsored Activities
PRED.	07/01/2018	06/30/2019	26.00	Off Campus	All Programs
PRED.	07/01/2019	06/30/2022	17.00	Off Campus	Other Sponsored Activities
PRED.	07/01/2019	06/30/2022	26.00	Off Campus	Org. Research & Instruction
PROV.	07/01/2022	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2022.

ORGANIZATION: University of Iowa

AGREEMENT DATE: 4/25/2019

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\*BASE

Modified total direct costs, consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

ORGANIZATION: University of Iowa

AGREEMENT DATE: 4/25/2019

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**SECTION I: FRINGE BENEFIT RATES\*\***

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<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	7/1/2018	6/30/2019	22.60	All	Clinical Faculty
FIXED	7/1/2018	6/30/2019	7.40	All	Fellows
FIXED	7/1/2018	6/30/2019	18.50	All	Post Docs & G.A.'s
FIXED	7/1/2018	6/30/2019	29.90	All	Non-Clinical Faculty
FIXED	7/1/2018	6/30/2019	39.00	All	Professional & Scientific
FIXED	7/1/2018	6/30/2019	12.20	All	Temporary Staff
FIXED	7/1/2018	6/30/2019	4.00	All	Composite
FIXED	7/1/2019	6/30/2020	23.34	All	Clinical Faculty
FIXED	7/1/2019	6/30/2020	9.60	All	Fellows
FIXED	7/1/2019	6/30/2020	16.20	All	Post Docs & G.A.'s
FIXED	7/1/2019	6/30/2020	31.38	All	Non-Clinical Faculty
FIXED	7/1/2019	6/30/2020	41.25	All	Professional & Scientific
FIXED	7/1/2019	6/30/2020	11.84	All	Temporary Staff
FIXED	7/1/2019	6/30/2020	4.25	All	Composite
PROV.	7/1/2020	6/30/2022			Use same rates and conditions as those cited for fiscal year ending June 30, 2020.

\*\* DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages.

ORGANIZATION: University of Iowa

AGREEMENT DATE: 4/25/2019

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**SECTION II: SPECIAL REMARKS**

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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.

FRINGE BENEFITS:

FICA	Post Employment Retirement Benefit
Disability Insurance	Worker's Compensation
Life Insurance	Unemployment Insurance
Health Insurance	Dental Insurance
Death Benefit	Waiver of TIAA/CREF Retirement Premium
Dividend Allocation	Early Retirement Incentive Program
Retirement	Vacation & Sick Leave Termination Payouts

\*This Rate Agreement reflects new Fringe Benefits Rates only.\*

The next fringe benefit rate proposal, based on actual costs for the fiscal year ending June 30, 2019, is due in our office by December 31, 2019. The next indirect cost rate proposal, based on actual costs for the fiscal year ending June 30, 2021, is due in our office by December 31, 2021.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

ORGANIZATION: University of Iowa

AGREEMENT DATE: 4/25/2019

**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:**

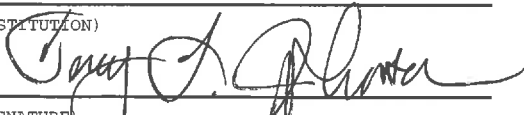
The rates in this Agreement were approved in accordance with the authority in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by 2 CFR 200, subject to any limitations in A above. The organization may provide copies 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 Iowa

(INSTITUTION) 

(SIGNATURE)   
 Terry L. Johnson

(NAME)   
 CFO & Treasurer

(TITLE)   
 4/26/2019

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)   
 Arif M. Karim -S   
 Digitally signed by Arif M. Karim -S   
 DN: c=US, o=U.S. Government, ou=HHS,   
 ou=PSC, ou=People, cn=Arif M. Karim -S,   
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(SIGNATURE)   
 Arif Karim

(NAME)   
 Director, Cost Allocation Services

(TITLE)   
 4/25/2019

(DATE) 7045

HHS REPRESENTATIVE: Theodore Foster

Telephone: (214) 767-3261