



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

26 Federal Plaza-Room 41-122
New York, New York 10278
PHONE: (212)-264-2089
FAX: (212)-264-5478

June 11, 2008

Mr. Miguel Rivera Rivera
Director of Finance
University of Puerto Rico
Central Administration, Finance Office
1187 Calle Flamboyán, Jardín Botánico Sur
San Juan, Puerto Rico 00926-1117

Dear Mr. Rivera Rivera:

A negotiation agreement is being faxed to you for signature. This agreement reflects an understanding reached between your institution and a member of my staff concerning the rates or amounts that may be used to support your claim for costs on grants and contracts with the Federal Government. The agreement must be signed by a duly authorized representative of your institution and faxed to me; retain a copy for your file. Our fax number is (212) 264-5478. We will reproduce and distribute the agreement to awarding agencies of the Federal Government for their use.

Requirements for adjustments to costs claimed under Federal Grants and Contracts resulting from this negotiation are dependent upon the type of rate contained in the negotiation agreement. Information relating to these requirements is enclosed.

In consideration of this negotiation, the following was agreed to:

Attached are 2 documents entitled "Components of Published Facilities and Administrative Cost Rate(s)". There is one document issued for each Facilities and Administrative cost rate prepared on a long-form basis and published on the rate agreement. These documents should be signed and faxed to this office along with the signed original copy of the rate agreement.

Mr. Miguel Rivera Rivera

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June 11, 2008

A proposal encompassing all activities of your institution together with the required supporting information must be submitted to my office at the address shown below for each fiscal year your institution claims costs under grants and contracts awarded by the Federal Government. This proposal is due within six months after the close of your fiscal year. Therefore, a proposal for fiscal year ending June 30, 2010 will be due in my office not later than December 31, 2010. The proposal will be used to establish rates/amounts for the fiscal year subsequent to the last period covered by an approved final, fixed, or predetermined rate(s). Failure to submit a timely proposal will be interpreted as a forfeiture of reimbursement for indirect costs. Therefore, unless a proposal is received by December 31, 2010, future awards made by the Department of Health and Human Services will be for direct costs only and will not provide for the recovery of costs contained in this agreement. In addition, the costs claimed against awards already made may be subject to disallowances.

If you are unable to submit your proposal by the prescribed date, you may request an extension. This request must be submitted prior to the due date of the proposal and must contain a justification for the extension and the date the proposal will be submitted.

Your proposal and relevant correspondence should be addressed to:

Department of Health and Human Services
Division of Cost Allocation
26 Federal Plaza, Room 41-122
New York, New York 10278
(212) 264-1823

In addition, please acknowledge your concurrence with the comments and conditions cited above by signing this letter in the space provided below and FAX (212-264-5478) it to me with the enclosed negotiation agreement.

Sincerely,


Robert I. Aaronson
Director, Division of
Cost Allocation

Enclosures
Concurrence:

Name

Title

Date


06/25/08

COLLEGES AND UNIVERSITIES RATE AGREEMENT

ORIGINAL

EIN #: 900210013

DATE: June 11, 2008

INSTITUTION:
University of Puerto Rico
Central Administration, Finance Office
1187 Calle Flamboyán
Jardín Botánico Sur
San Juan

FILING REF.: The preceding
Agreement was dated
March 20, 2006

PR 00926-1117

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.	07/01/07	06/30/11	50.0	Medical Sci.	On-Campus (1)
PRED.	07/01/07	06/30/11	49.0	Rio Piedras	On-Campus (1)
PRED.	07/01/07	06/30/11	50.0	Mayaguez	On-Campus (1)
PRED.	07/01/07	06/30/11	60.0	Cayey	On-Campus (2)
PRED.	07/01/07	06/30/11	60.0	Humacao	On-Campus (2)
PRED.	07/01/07	06/30/11	26.0	All Campuses	Off-Campus (1)
PROV.	07/01/11	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2011.		

(1) 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.

(2) Direct salaries and wages including vacation, holiday, sick pay and other paid absences but excluding all other fringe benefits.

INSTITUTION:
University of Puerto Rico
Central Administration, Finance Office

AGREEMENT DATE: June 11, 2008

SECTION II: SPECIAL REMARKS

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.

1. The rates in this Agreement have been negotiated to reflect the administrative cap provisions of the revisions to OMB Circular A-21 published by the Office of Management and Budget on May 8, 1996. No rate affecting the institution's fiscal periods beginning on or after October 1, 1991 contains total administrative cost components in excess of that 26 percent cap.
2. The indirect cost rates include administrative expenses such as secretarial, clerical and other general administrative staff personnel necessary for the general administration of Federal Awards. The rates also include departmental administration in addition to general institutional expenses such as office supplies, postage, copying and other general institutional costs.
3. The off-campus rate applies to Research and Regional Medical Programs conducted in facilities not owned by the University and all activities conducted at the University District Hospital.
4. Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs.
5. Awards accounted for at the Office of Central Administration should use the indirect cost rate for the campus where the activity is actually being performed.
6. Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year, and an acquisition cost of \$1,000 or more per unit.

INSTITUTION:
University of Puerto Rico
Central Administration, Finance Office

AGREEMENT DATE: June 11, 2008

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 Puerto Rico
Central Administration, Finance Office

(INSTITUTION)

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Robert I. Aaronson

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

June 11, 2008

(DATE) 0116

HHS REPRESENTATIVE: Michael Leonard

Telephone: (212) 264-2069

Components of Published Facilities and Administrative Cost Rate

Institution: University of Puerto Rico
FY Covered by Rate: Fiscal Years Ending 6/30/08 to 6/30/11
Predetermined Rates

<u>Rate Component</u>	<u>Medical Sciences</u>	<u>Rio Piedras</u>	<u>Mayaguez</u>
1. a. Depreciation - Bldgs & Improvements	<u>1.50%</u>	<u>1.70%</u>	<u>0.78%</u>
b. Depreciation - Equipment	<u>1.40%</u>	<u>1.18%</u>	<u>0.85%</u>
2. Interest	<u>0.30%</u>	<u>0.87%</u>	<u>1.03%</u>
3. Operation & Maintenance	<u>21.00%</u>	<u>19.00%</u>	<u>21.10%</u>
4. General Administration	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u> *
5. Departmental Administration	<u>25.50%</u>	<u>26.00%</u>	<u>26.00%</u> *
6. Sponsored Projects Administration	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u> *
7. Library	<u>0.30%</u>	<u>0.25%</u>	<u>0.24%</u>
8. Other	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Published On-Campus Rate - <u>Research</u>	<u>50.0%</u>	<u>49.0%</u>	<u>50.0%</u>

* Reflects provisions of revised OMB Circular A-21, Sections G.8.a and G.10.
dated May 8, 1996.

Name :

Title:

Date:

06/25/08

Components of Published Facilities and Administrative Cost Rate

Institution: University of Puerto Rico
FY Covered by Rate: Fiscal Years Ending 6/30/08 to 6/30/11
Predetermined Rates

<u>Rate Component</u>	<u>FY 08-11</u>
1. a. Depreciation - Bldgs & Improvements	<u>0.00%</u>
b. Depreciation - Equipment	<u>0.00%</u>
2. Interest	<u>0.00%</u>
3. Operation & Maintenance	<u>0.00%</u>
4. General Administration	<u>0.00%</u> *
5. Departmental Administration	<u>26.00%</u> *
6. Sponsored Projects Administration	<u>0.00%</u> *
7. Library	<u>0.00%</u>
8. Other	<u>0.00%</u>
Published Off-Campus Rate - <u>Research</u>	<u>26.0%</u>

* Reflects provisions of revised OMB Circular A-21, Sections G.8.a and G.10.
dated May 8, 1996.

Name :



Title:

Date:

06/05/08