



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

DCA Western Field Office  
90 7th Street, Suite 4-800  
San Francisco, CA 94103

**JUL 09 2012**

Robert Johnson  
Assoc. Senior V. P., Financial & Business Services  
University of Southern California  
University Park  
Los Angeles, CA 90089-0011

Dear Mr. Johnson:

A copy of an indirect cost/fringe benefits Negotiation Agreement is attached. 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. Please have the Agreement signed by a duly authorized representative of your organization and return it to me BY FAX, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost and fringe benefits rate proposal together with supporting information are required to substantiate your claim for costs under grants and contracts awarded by the Federal Government. Thus, your next indirect cost proposal based on your fiscal year ending 06/30/14 is due in our office by 12/31/15, and your next fringe benefits proposal based on your fiscal year ending 6/30/12 is due by 12/31/12.

Sincerely,

Arif Karim, Director  
Division of Cost Allocation

Attachments

**PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY FAX**

**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN: DATE: 06/26/2012  
 ORGANIZATION: FILING REF.: The preceding  
 University of Southern California agreement was dated  
 University Park 08/19/2011  
 Los Angeles, CA 90089-0011

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.	07/01/2011	06/30/2012	63.00	On-Campus	Organized Res.
PRED.	07/01/2012	06/30/2014	64.00	On-Campus	Organized Res.
PRED.	07/01/2014	06/30/2015	64.50	On-Campus	Organized Res.
PRED.	07/01/2015	06/30/2016	65.00	On-Campus	Organized Res.
PRED.	07/01/2011	06/30/2016	26.00	Off-Campus	Organized Res.
PRED.	07/01/2011	06/30/2016	45.00	On-Campus	Instruction
PRED.	07/01/2011	06/30/2016	26.00	Off-Campus	Instruction
PRED.	07/01/2011	06/30/2016	30.50	On-Campus	Other Spon Act
PRED.	07/01/2011	06/30/2016	26.00	Off-Campus	Other Spon Act
PRED.	07/01/2011	06/30/2016	26.00	Off-Campus	Info Sci Inst
PRED.	07/01/2011	06/30/2016	26.00	Off-Campus	Ctr Creative Tech

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	07/01/2016	Until Amended		(1)	

\*BASE

(1) Use same rates and conditions as those cited for fiscal year ending June 30, 20116

\*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 periods 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.

The off-campus base shall exclude facilities rental costs and operations and maintenance expenses from the direct cost items of materials and supplies and services.

ORGANIZATION: University of Southern California

AGREEMENT DATE: 06/26/2012

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

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	7/1/2012	6/30/2014	32.80 (1)	All	All Employees
FIXED	7/1/2012	6/30/2013	6.00 (2)	All	Info Sci Inst
FIXED	7/1/2012	6/30/2013	6.60 (2)	All	Ctr Creative Tech
FIXED	7/1/2012	6/30/2014	22.50 (3)	All	Post Docs

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

(1) Direct salaries and wages including vacation, holiday, and sick pay of faculty and staff personnel only. Rate does not apply to student employees, Research Assistants or Teaching Assistants.

(2) Direct salaries and wages excluding all fringe benefits.

(3) Direct salaries and wages including vacation, holiday and sick pay. This rate is applicable for post docs who received their hire notification after 7/1/12.

ORGANIZATION: University of Southern California  
AGREEMENT DATE: 06/26/2012

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**SECTION II: SPECIAL REMARKS**

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TREATMENT OF FRINGE BENEFITS:

This organization uses a fringe benefit rate which is applied to salaries and wages for both budgeting and charging purposes for Federal projects. The following fringe benefits are included in the fringe benefit rate: SOCIAL SECURITY, RETIREMENT PLANS, HEALTH AND DENTAL, UNEMPLOYMENT, WORKERS COMPENSATION, SABBATICAL LEAVE, TUITION REMISSION, LIFE INSURANCE, AND MISCELLANEOUS EMPLOYEES SERVICES. Beginning 07/01/99, the fringe benefit rate includes only employee tuition remission. A separate rate is also applied for the Information sciences Institute and the Centers for Creative Technologies for vacation and personal days off.

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 except for paid absences that have been earned but not taken when an individual separates from the university prior to the completion of the grant, contract or other agreement.

The cost of vacation and personal days off are included in the Information Sciences Institute and the Centers for Creative Technologies fringe benefit rates. Federal projects must be credited for salaries and wages for periods when employees are on vacation or personal days off. Holiday, sick leave pay, and other paid absences are included in salaries and wages and are charged to Federal projects as part of the normal charge for salaries and wages.

DEFINITION OF OFF-CAMPUS: A project is considered off-campus if the activity is conducted at locations other than in University owned or operated facilities and indirect costs associated with physical plant and library are not considered applicable to the project.

Projects conducted partially on-campus and partially off-campus: Actual costs will be apportioned between on-campus and off-campus sites consistent with where the work is performed and each portion will bear the appropriate on-campus or off-campus rate.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The rates relating to the Information Sciences Institute (ISI) and Centers for Creative Technologies (CCT) are effective for the periods identified in the negotiation agreement provided that the ISI and CCT funding or costing mechanisms now in place remain unchanged.

This rate agreement updates the fringe benefits only.

ORGANIZATION: University of Southern California

AGREEMENT DATE: 06/26/2012

**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. GENERAL.**

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 program, 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 Southern California

(INSTITUTION)

(SIGNATURE)

Robert Abeles

(NAME)

Senior Vice President, Finance and Chief Financial Officer

(TITLE)

7/9/2012

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Arif Karim

(NAME)

Director, Western Field Office

(TITLE)

6/26/2012

(DATE) 0219

HHS REPRESENTATIVE:

Patrick Smith

Telephone:

(415) 437-7820