



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Support Center  
Financial Management Service  
Cost Allocation Services

90 7<sup>th</sup> Street, Suite 4-600  
San Francisco, CA 94103-6705  
PHONE: (415) 437-7820  
FAX: (415) 437-7823  
E-MAIL: CAS-SF@psc.hhs.gov

January 06, 2015

Sheila K. Gestring  
Vice President, Finance  
University of South Dakota  
414 East Clark Street  
Vermillion, SD 57069-2390

Dear Ms. Gestring:

A copy of an indirect cost 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 EMAIL OR 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 proposal together with required supporting information must be submitted to this office for each fiscal year in which your organization claims indirect costs under grants and contracts awarded by the Federal Government. Your next proposal based on your fiscal year ending 06/30/17 is due in our office by 12/31/17. Please submit your next proposal electronically via email to CAS-SF@psc.hhs.gov.

Sincerely,

Arif Karim, Director  
Cost Allocation Services

Attachment

PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY EMAIL OR FAX

**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN:

DATE:01/06/2015

ORGANIZATION:

FILING REF.: The preceding agreement was dated

University of South Dakota  
414 East Clark  
Slagle Hall, Room 209  
Vermillion, SD 57069-2390

03/23/2011

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)

EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (\$)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2014	06/30/2015	45.00	On-Campus	Org. Res. (A)
PRED.	07/01/2015	06/30/2018	47.00	On-Campus	Org. Res. (A)
PRED.	07/01/2014	06/30/2018	26.00	Off-Campus	Org. Res. (A)
PRED.	07/01/2014	06/30/2015	45.40	On-Campus	Instruction
PRED.	07/01/2015	06/30/2018	46.00	On-Campus	Instruction
PRED.	07/01/2014	06/30/2018	26.00	Off-Campus	Instruction
PRED.	07/01/2014	06/30/2015	27.30	On-Campus	OSA (B)
PRED.	07/01/2015	06/30/2018	28.00	On-Campus	OSA (B)
PRED.	07/01/2014	06/30/2018	26.00	Off-Campus	OSA (B)
PROV.	07/01/2018	Until Amended		(C)	

ORGANIZATION: University of South Dakota

AGREEMENT DATE: 1/6/2015

---

\*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.

- (A) Organized Research
- (B) Other Sponsored Activities
- (C) Use same rates and conditions as those cited for fiscal year ending June 30, 2018.

ORGANIZATION: University of South Dakota

AGREEMENT DATE: 1/6/2015

---

SECTION II: SPECIAL REMARKS

---

TREATMENT OF FRINGE BENEFITS:

This organization charges the actual cost of each fringe benefit direct to Federal projects. However, it uses a fringe benefit rate which is applied to salaries and wages in budgeting fringe benefit costs under project proposals. The following fringe benefits are treated as direct costs:

FICA, RETIREMENT, UNEMPLOYMENT COMPENSATION, HEALTH/LIFE INSURANCE, AND WORKERS COMPENSATION.

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.

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.

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.

NEXT PROPOSAL DUE DATE

A proposal based on actual costs for fiscal year ending June 30, 2017 will be due no later than December 31, 2017.

ORGANIZATION: University of South Dakota

AGREEMENT DATE: 1/6/2015

**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, 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.

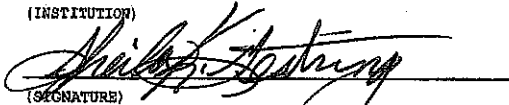
**E. OTHER:**

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 South Dakota

(INSTITUTION)



(SIGNATURE)

Sheila K. Gestring

(NAME)

Vice President, Finance/CFO

(TITLE)

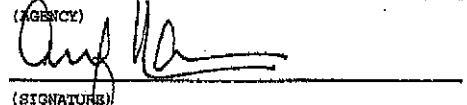
1-12-15

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

1/6/2015

(DATE) 1086

HHS REPRESENTATIVE: Robert Lee

Telephone: (415) 437-7820

**UNIVERSITY OF SOUTH DAKOTA  
FACILITIES AND ADMINISTRATIVE COST RATES  
FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2018**

EXHIBIT A

	ORGANIZED RESEARCH		INSTRUCTION		OTHER SPON ACT	
	JULY 1, 2014 - JUNE 30, 2015		JULY 1, 2014 - JUNE 30, 2015		JULY 1, 2014 - JUNE 30, 2015	
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS
BUILDING DEPRECIATION	3.60%		2.50%		0.20%	
BUILDING INTEREST	1.20%		0.70%		0.00%	
EQUIPMENT DEPRECIATION	3.40%		0.40%		0.10%	
OPERATIONS & MAINTENANCE	9.90%		8.40%		0.60%	
LIBRARY	1.00%		8.40%		0.40%	
GENERAL ADMIN	6.10%	6.10%	5.60%	5.30%	6.10%	6.10%
DEPT ADMIN	17.90%	17.90%	11.70%	11.70%	17.90%	17.90%
SPON PROJ ADMIN	2.00%	2.00%	3.60%	3.60%	2.00%	2.00%
STUDENT SERV ADMIN	0.00%	0.00%	5.10%	5.10%	0.00%	0.00%
ADMIN COMPONENTS	26.00%	<u>26.00%</u>	26.00%	<u>26.00%</u>	26.00%	<u>26.00%</u>
TOTAL	45.00%	26.00%	45.40%	26.00%	27.30%	26.00%

	ORGANIZED RESEARCH		INSTRUCTION		OTHER SPON ACT	
	JULY 1, 2015 - JUNE 30, 2018		JULY 1, 2015 - JUNE 30, 2018		JULY 1, 2015 - JUNE 30, 2018	
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS
BUILDING DEPRECIATION	5.00%		3.70%		0.20%	
BUILDING INTEREST	2.20%		1.00%		0.00%	
EQUIPMENT DEPRECIATION	3.10%		0.40%		0.10%	
OPERATIONS & MAINTENANCE	8.80%		7.00%		1.20%	
LIBRARY	0.80%		7.90%		0.50%	
GENERAL ADMIN	5.10%	6.10%	5.10%	6.60%	5.10%	6.10%
DEPT ADMIN	18.90%	17.90%	11.70%	11.70%	18.90%	17.90%
SPON PROJ ADMIN	2.00%	2.00%	3.60%	3.60%	2.00%	2.00%
STUDENT SERV ADMIN	0.00%	0.00%	5.80%	5.10%	0.00%	0.00%
ADMIN COMPONENTS	26.00%	<u>26.00%</u>	26.00%	<u>26.00%</u>	26.00%	<u>26.00%</u>
TOTAL	47.00%	26.00%	48.00%	26.00%	28.00%	26.00%

ADMINISTRATIVE COMPONENTS ARE CAPPED AT 26.0% IN ACCORDANCE WITH OMB A-21, DATED JULY 28, 1993.

CONCUR:

(SIGNATURE)

Vice President, Finance/CFO

TITLE

01/12/2015

DATE