



DEPARTMENT OF THE NAVY

OFFICE OF NAVAL RESEARCH
875 NORTH RANDOLPH STREET
SUITE 1425
ARLINGTON, VA 22203-1995

IN REPLY REFER TO:

May 28, 2019

[Supersedes Agreement Dated: July 19, 2018]

NEGOTIATION AGREEMENT

INSTITUTION: **THE PENNSYLVANIA STATE UNIVERSITY
UNIVERSITY PARK, PA 16801-3857**

The Facilities and Administrative (F&A) cost rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the Pennsylvania State University (PSU) by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by 2 CFR Part 200. These rates shall be used for forward pricing and billing purposes for the Pennsylvania State University's Fiscal Year 2019. This rate agreement supersedes all previous rate agreements for Fiscal Year 2019.

SECTION I – RATES – TYPE: FIXED (FIXED)

UNIVERSITY PARK

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO</u>	<u>LOCATION</u>
FIXED	7/1/2018	6/30/2019	59.86%	(a)	Organized Research (1) All Locations Except ARL ¹ and HCM ²	On Campus
FIXED	7/1/2018	6/30/2019	26.00%	(a)	Organized Research (1) All Locations Except ARL ¹ and HCM ²	Off Campus
FIXED	7/1/2018	6/30/2019	41.84%	(a)	Instruction All Locations Except ARL and HCM	On Campus
FIXED	7/1/2018	6/30/2019	25.08%	(a)	Instruction All Locations Except ARL and HCM	Off Campus

¹ Applied Research Laboratory

² Hershey College of Medicine

APPLIED RESEARCH LABORATORY

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO</u>	<u>LOCATION</u>
FIXED	7/1/2018	6/30/2019	7.42%	(a)	Organized Research, ARL	On Campus
FIXED	7/1/2018	6/30/2019	5.20%	(a)	Organized Research, ARL	Off Campus

HERSHEY COLLEGE OF MEDICINE

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO</u>	<u>LOCATION</u>
FIXED	7/1/2018	6/30/2019	53.30%	(a)	Organized Research, HCM	On Campus
FIXED	7/1/2018	6/30/2019	26.00%	(a)	Organized Research, HCM	Off Campus

DISTRIBUTION BASES

(a) Modified Total Direct Cost (MTDC) means 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). MTDC excludes 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.

SECTION II - GENERAL TERMS AND CONDITIONS

A. LIMITATIONS: Use of the rates set forth under Section I is subject to availability of funds and to any other statutory or administrative limitations. The rates are applicable to a given grant, contract or other agreement only to the extent that funds are available and consistent with any and all limitations of cost clauses or provisions, if any, contained therein. Acceptance of any or all of the rates agreed to herein is predicated upon the following conditions: (1) that no costs other than those incurred by the institution were included in this indirect cost pool as finally accepted and that such costs are legal obligations of the institution and allowable under governing cost principles; (2) that the same costs that have been treated as indirect costs are not claimed as direct costs; (3) that similar types of costs have been accorded consistent accounting treatment; and (4) that the information provided by the institution which was used as a basis for acceptance of the rates agreed to herein, and expressly relied upon by the Government in negotiating and accepting the said rates is not subsequently found to be materially incomplete or inaccurate.

B. ACCOUNTING CHANGES: The rates contained in Section I of this agreement are based on the accounting system in effect at the time the agreement was negotiated. Changes to the method(s) of accounting for costs, which affect the amount of reimbursement resulting from the use of these rates require the prior written approval of the authorized representative of the cognizant agency for indirect costs. Such changes include but are not limited to changes in the charging of a particular type of cost from indirect to direct. Failure to obtain such approval may result in subsequent cost disallowances.

C. FIXED RATES WITH CARRY-FORWARD PROVISIONS: The fixed rates contained in this agreement are based on estimates of the costs for FY 2019. When actual costs for this fiscal year are determined, adjustments will be applied to a subsequent rate negotiation to recognize the difference between the FY 2019 estimated costs used to establish the fixed rates and the negotiated actual FY 2019 costs.

D. CARRY-FORWARD AMOUNTS: The following estimated carry-forward amounts were considered in the establishment of the FY2019 rates: () Denotes over-recovery.

Organized Research Estimated CFW

Organized Research – University Park	Liquidated in FY 19
FY2012 Estimated - On Campus Capped	(2,864,203)
FY2012 Estimated - Off Campus Capped	(3,547)
FY2013 Estimated - On Campus Capped	(3,218,669)
FY2013 Estimated - Off Campus Capped	(85)
FY2014 Estimated - On Campus Capped	(3,871,936)
FY2015 Estimated - On Campus Capped	(3,435,271)
FY2016 Estimated - On Campus Capped	6,900,000
FY2017 Estimated - On Campus Capped	13,875,000
FY2017 Estimated - Off Campus Capped	2,954
FY2012 Estimated - On Campus Uncapped	(45,726)
FY2013 Estimated - On Campus Uncapped	(54,376)
FY2014 Estimated - On Campus Uncapped	(61,474)
FY2014 Estimated - Off Campus Uncapped	(2,343)
FY2015 Estimated - On Campus Uncapped	(27,183)
FY2015 Estimated - Off Campus Uncapped	(5,249)
FY2017 Estimated - Off Campus Uncapped	8,270

Instruction Estimated CFW

Instruction	Liquidated in FY 19
FY2012 Estimated - On Campus Capped	(1,730,645)
FY2013 Estimated - On Campus Capped	(2,048,280)
FY2014 Estimated - On Campus Capped	(4,414,448)
FY2015 Estimated - On Campus Capped	(2,834,754)
FY2017 Estimated - On Campus Capped	3,350,000
FY2017 Estimated - Off Campus Capped	328,203

ARL Estimated CFW

ARL	Liquidated in FY 19
FY2014 Estimated ARL - On Campus - Capped	(376,454)
FY2015 Estimated ARL - On Campus - Capped	(152,692)
FY2017 Estimated ARL - Off Campus - Capped	(25,939)

HCM Estimated CFW

Hershey College of Medicine	Liquidated in FY 19
FY2012 Estimated - On Campus Capped	(251,893)
FY2013 Estimated - On Campus Capped	(1,531,456)
FY2014 Estimated - On Campus Capped	(55,000)
FY2015 Estimated - On Campus Capped	(60,888)

E. USE BY OTHER FEDERAL AGENCIES: The rates set forth in Section I are negotiated in accordance with and under the authority set forth in 2 CFR Part 200. Accordingly, such rates shall be applied to the extent provided in such regulations to grants, contracts, and other agreements to which 2 CFR Part 200 applies, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other federal agencies to provide such agencies with documentary notice of this agreement and its terms and conditions.

F. DFARS WAIVER: Signature of this agreement by the authorized representative of the Pennsylvania State University and the Government acknowledges and affirms the University's request to waive the prohibition contained in DFARS 231.303(1) and the Government's exercise of its discretion contained in DFARS 231.303(2) to waive the prohibition in DFARS 231.303(1). The waiver request by the Pennsylvania State University is made to simplify the University's overall management of DOD cost reimbursements under DOD contracts.

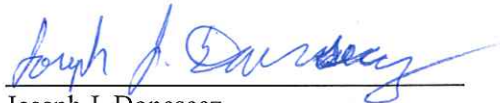
H. SPECIAL REMARKS:

1. The rates included in Section I are not intended to be applied to Intergovernmental Personnel Act (IPA) costs. If the Pennsylvania State University elects to seek reimbursement of indirect costs associated with IPA agreements, then the Pennsylvania State University and the Office of Naval Research shall establish a special indirect cost rate for IPA agreements in accordance with the provisions of 2 CFR Part 200.
2. The Government's agreement with the rates set forth in Section I is not an acceptance of the Pennsylvania State University's accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by Pennsylvania State University is on a non-precedence-setting basis and does not imply Government acceptance.

Accepted:

FOR PENNSYLVANIA STATE UNIVERSITY:

FOR THE U.S. GOVERNMENT:



Joseph J. Doncsecz
Associate Vice President for Finance and
Corporate Controller

5/28/19
Date

Betty J. Tingle
Contracting Officer

June 4, 2019

Date

For information concerning this agreement contact:

Betty Tingle, Contracting Officer
Office of Naval Research
875 North Randolph Street
Arlington, VA 22203-1995

Phone: (703) 696-7742
E-mail: betty.tingle@navy.mil