



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

IN REPLY REFER TO:

Agreement Date: June 18, 2007

NEGOTIATION AGREEMENT

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

The Fringe Benefit rates contained herein are for use on grants and contracts with all Federal agencies in accordance with the cost principles mandated by 2 CFR 220 (formerly Office of Management and Budget Circular A-21). These rates shall be used for forward pricing and billing purposes for the Pennsylvania State University's (PSU's) Fiscal Year 2008. This rate agreement supersedes all previous rate agreements/determinations for Fiscal Year 2008.

Section I: RATES - TYPE: FIXED WITH CARRY-FORWARD PROVISIONS (FIXED)

FRINGE BENEFIT RATES

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO/LOCATION</u>
Fixed	7/1/07	6/30/08	25.8%	(a)	Salaries/ All
Fixed	7/1/07	6/30/08	8.2%	(b)	Wages/ All
Fixed	7/1/07	6/30/08	15.7%	(c)	Graduate Assistants / All
Fixed	7/1/07	6/30/08	0.4%	(d)	Students/ All

DISTRIBUTION BASES

(a) Salaries, excluding graduate assistants, fixed term II and visiting faculty appointments not receiving full benefits.

(b) Wages and those salaries not receiving full benefits, exclusive of graduate assistants and student wages.

(c) Graduate assistant salaries.

(d) Student wages.

SECTION II - GENERAL TERMS AND CONDITIONS

A. LIMITATIONS: Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is 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 all the following conditions: (1) that no costs other than those incurred by the grantee/contractor were included in its indirect cost pool as finally accepted and that all such costs are legal obligations of the grantee/contractor 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, in like circumstances, have been accorded consistent accounting treatment; (4) that the information provided by the contractor/grantee, which was used as the basis for the acceptance of the rates agreed to herein and expressly relied upon by the Government in negotiating the said rates, is not subsequently found to be materially incomplete or inaccurate and (5) the information provided by the contractor/grantee, which was used as the basis for the acceptance of building depreciation cost in the rates agreed to herein and expressly relied upon by the Government in negotiating 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 this agreement was negotiated. Changes to the method(s) of accounting for costs, which affects the amount of reimbursement resulting from the use of these rates, require the written approval of the authorized representative of the cognizant negotiating agency for the Government prior to implementation of any such changes. 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 2008. When actual costs for this fiscal year are determined, adjustments will be applied to the next subsequent rate negotiation to recognize the difference between the FY 2008 estimated costs used to establish the fixed rates and the negotiated actual FY 2008 costs.

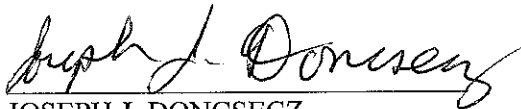
D. USE BY OTHER FEDERAL AGENCIES: The rates contained herein were negotiated in accordance with the authority set forth in 2 CFR 220, and should be applied to grants and contracts to which 2 CFR 220 applies, subject to any limitations in paragraph A. above. Copies of this document may be provided by the Institution to other Federal Agencies having grants and contracts using these rates as a means of providing them with early notification of the agreement contained herein.

E. PRIOR YEAR CARRY-FORWARD AMOUNTS: The fixed rates contained in this agreement are inclusive of the following final carry-forward amounts:

<u>Rate Category</u>	<u>PSU Final FY06 Under / (Over) Recovery</u>	<u>Liquidated in FY08 Fixed Rate</u>	<u>Balance</u>
Salaries	(\$17,011,088)	(\$17,011,088)	\$0
Wages	(\$13,573)	(\$13,573)	\$0
Graduate Assistants	\$253,671	\$253,671	\$0
Student Wages	(\$16,671)	(\$16,671)	\$0

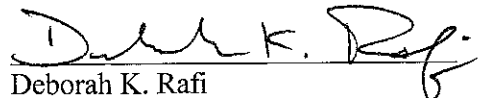
PENNSYLVANIA STATE UNIVERSITY:

FOR THE U.S. GOVERNMENT:



JOSEPH J. DONCSECZ
Corporate Controller

6/22/07
Date



Deborah K. Rafi
Contracting Officer

6-22-07
Date

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