



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation
Central States Field Office

1301 Young Street, Room 732
Dallas, Texas 75202
(214)-767-3261
FAX: (214)-767-3264

May 31, 2007

Mr. Dennis J. Butler
Comptroller
Marquette University
Straz Tower, Room 215H
P.O. Box 1881
Milwaukee, WI 53201-1881

Dear Mr. Butler:

The original and one copy of a facilities and administrative cost Rate Agreement are enclosed. 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 facilities and administrative costs on grants and contracts with the Federal Government.

In addition, the following is agreed between your University and this office:

- * We have approved a change to your University's equipment capitalization policy from \$1,000 to \$5,000 starting 07/01/06.
- * Equipment and supplies cost must be claimed in accordance with capitalization threshold/useful life assumptions reflected in the organization's financial statements.
- * Expenditures for equipment exceeding \$5,000 must be claimed by use allowance or depreciation procedures, unless that equipment is specifically approved by the awarding agency (or permitted by expanded/supplemental authority granted by an awarding agency) as a direct cost.
- * Grant proposal and contract budget submissions must be consistent with equipment capitalization threshold stipulated on the Rate Agreement.
- * Unamortized amounts will be written-off to benefitting activities over a period of 4 years (07/01/07 - 06/30/10). No further use allowance or depreciation may be claimed on existing equipment valued between \$500 and \$4,999 on any future indirect cost proposal. The effect of unamortized amounts related to the above assets has already been reflected in the Rate Agreement dated August 10, 2006.
- * Raising equipment threshold does not alter accountability responsibilities (including acquisition and safeguarding of supplies).
- * Must follow property management standards for equipment covered by new capitalization policy.

* Department will exercise its disposition rights for equipment with a fair market value of \$5,000 or more [45 CFR 74.34(g) and 92.32(e)].

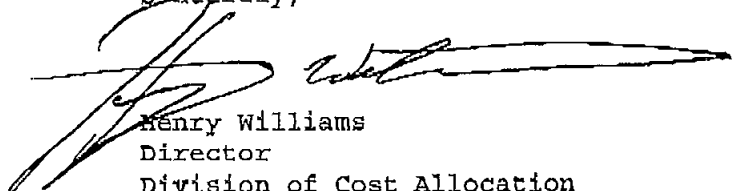
Please have the agreement signed by an authorized representative of your organization and fax it to me, retaining a copy for your files. Our fax number is (214) 767-3264. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

A facilities and administrative cost proposal, together with supporting information, is required to substantiate claims made for facilities and administrative costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending May 31, 2009 is due in our office by November 30, 2009.

JUNE 30, 2009

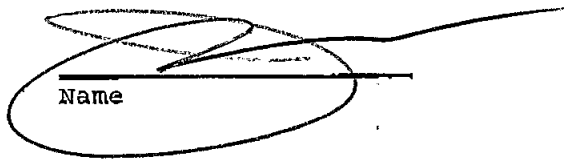
Thank you for your cooperation.

Sincerely,



Henry Williams
Director
Division of Cost Allocation
Central States Field Office

Enclosures
Acceptance:



Name

Signature

John C. Lamb
Vice President for Finance

Title

6/6/07
Date

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 1390806251A1

DATE: May 31, 2007

INSTITUTION:
 Marquette University
 Straz Tower, room 215H
 P.O. Box 1881
 Milwaukee

WI 53201-1881

FILING REF.: The preceding Agreement was dated May 11, 2004

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.	07/01/03	06/30/07	47.0	On Campus	Organized Research
PRED.	07/01/03	06/30/07	24.0	Off Campus	Organized Research
PRED.	07/01/07	06/30/10	49.0	On Campus	Instruction
PRED.	07/01/07	06/30/10	49.0	On Campus	Organized Research
PRED.	07/01/07	06/30/10	24.0	Off Campus	All Programs
PROV.	07/01/10	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2010.		

***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 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.

INSTITUTION:
Marquette University

AGREEMENT DATE: May 31, 2007

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

Fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed below.

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.

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Equipment Definition -

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

FRINGE BENEFITS:

FICA
Retirement
Worker's Compensation
Life Insurance
Unemployment Insurance
Health Insurance
Disability Insurance
Tuition Remission

INSTITUTION:
Marquette University

AGREEMENT DATE: May 31, 2007

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-71 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in 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 those programs.

BY THE INSTITUTION:
Marquette University

(INSTITUTION)

(SIGNATURE)

John C. Lamb

(NAME)

Vice President for Finance

(TITLE)

(DATE)

6/6/07

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Henry Williams

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION-

(TITLE) CENTRAL STATES FIELD OFFICE

May 31, 2007

(DATE) 5124

HHS REPRESENTATIVE: Denise Shirlee

Telephone: (214) 767-3313

COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: **Marquette University**

FY COVERED BY RATE: **July 1, 2007 through June 30, 2010**

APPLICABLE TO: **ORGANIZED RESEARCH**

RATE COMPONENT:	<u>ON CAMPUS</u>	<u>OFF CAMPUS</u>
Building Depreciation	.21	
Equipment Depreciation	11.0	
Interest	0.5	
Operation & Maintenance	9.9	
Library	1.5	
Administration	<u>24.0</u>	<u>24.0</u>
TOTAL	<u><u>49.0</u></u>	<u><u>24.0</u></u>

CONCURRENCE:

Marquette University
 (Institution)


 (Signature)

John C. Lamb
 (Name) Vice President for Finance

 (Title)

6/6/07
 (Date)