



DEPARTMENT OF HEALTH & HUMAN SERVICES

ORIGINAL

Program Support Center
Financial Management Service
Division of Cost Allocation

May 6, 2010

Mr. Michael T. Edwards
Senior Associate Vice Provost for Research
Office of Research Compliance and Administration
Drexel University
3201 Arch Street, Suite 100
Philadelphia, PA 19104-2875

MAY 27 2010

Cohen Building-Room 1067
330 Independence Avenue, S.W.
Washington, DC 20201
PHONE: (202)-401-2808
FAX: (202)-619-3379

Dear Mr. Edwards:

A copy of the facilities and administrative (F&A) cost Rate Agreement is being mailed to you for your signature. 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 F&A and fringe benefit costs on grants and contracts with the Federal Government.

In addition, both parties agree that the differences between the fixed and actual fringe benefit costs for the fiscal year ended June 30, 2009 are:

- Under-recovery of \$422,542 applicable to Clinical Faculty
- Under-recovery of \$2,848,189 applicable to Full Time Regular
- Under-recovery of \$169,410 applicable to Part Time

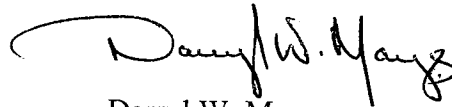
These amounts are included in your fixed fringe benefit rates for the fiscal year ending June 30, 2011 which are listed in the attached Rate Agreement.

Please have the agreement signed by an authorized representative of your organization and send to me, retaining a copy for your files. We will reproduce and distribute the Rate Agreement to the appropriate awarding organizations of the Federal Government for their use.

Mr. Edwards
May 6, 2010
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A fringe benefit proposal, together with the required supporting information, must be submitted to this office for each fiscal year in which your organization claims fringe benefits under grants and contracts awarded by the Federal Government. Therefore, your next fringe benefit proposal based on actual costs for the fiscal year ending 06/30/10 is due in this office by 12/31/10.

Sincerely,



Darryl W. Mayes
Director, Mid-Atlantic Field Office
Division of Cost Allocation

CONCURRENCE:

Drexel University
(Institution)



(Signature)

MICHAEL T. EDWARDS
(Name) **Senior Associate**
Vice Provost for Research

(Title)

6/14/10
(Date)

ORIGINAL

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 23-1352630

DATE:05/06/2010

ORGANIZATION:

FILING REF.: The preceding
agreement was dated

Drexel University

05/12/2008

Office of Research & Grad. Studies 3201

Arch Street, Suite 100

Philadelphia, PA 19104-2875

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>
FINAL	07/01/2007	06/30/2008	50.00	On-Campus	Organized Research
FINAL	07/01/2007	06/30/2008	39.00	Off-Campus	Organized Research
PRED.	07/01/2008	06/30/2009	52.00	On-Campus	Organized Research
PRED.	07/01/2009	06/30/2010	53.00	On-Campus	Organized Research
PRED.	07/01/2010	06/30/2011	54.00	On-Campus	Organized Research
PRED.	07/01/2011	06/30/2012	54.50	On-Campus	Organized Research
PRED.	07/01/2008	06/30/2012	26.00	Off-Campus	Organized Research
FINAL	07/01/2007	06/30/2008	50.70	On-Campus	Instruction
FINAL	07/01/2007	06/30/2008	26.00	Off-Campus	Instruction
PRED.	07/01/2008	06/30/2012	50.90	On-Campus	Instruction
PRED.	07/01/2008	06/30/2012	26.00	Off-Campus	Instruction
FINAL	07/01/2007	06/30/2008	38.60	On-Campus	Other Spon Act
FINAL	07/01/2007	06/30/2008	26.00	Off-Campus	Other Spon Act
PRED.	07/01/2008	06/30/2012	35.00	Off-Campus	Other Spon Act
PRED.	07/01/2008	06/30/2012	26.00	Off-Campus	Other Spon Act
PRED.	07/01/2008	06/30/2012	8.50	Off-Campus	IPA (A)

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%) LOCATION</u>	<u>APPLICABLE TO</u>
PROV.	07/01/2012	Until Amended		Use same rates and conditions as those cited for fiscal year ending June 30, 2012.

*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, student 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.

(A) Intergovernmental Personnel Act Agreements

ORGANIZATION: Drexel University

AGREEMENT DATE: 05/06/2010

SECTION I: FRINGE BENEFIT RATES**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	7/1/2010	6/30/2011	17.20	All	Clinical Faculty
FIXED	7/1/2010	6/30/2011	32.20	All	Full Time Regular
FIXED	7/1/2010	6/30/2011	10.60	All	Part Time
FINAL	7/1/2011	Until amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2011.

** DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages.

ORGANIZATION: Drexel University

AGREEMENT DATE: 05/06/2010

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) 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 are not made for the cost of these paid absences.

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.

Fringe Benefits include: FICA/Medicare, Life Insurance, Hospitalization & Long-Term Disability Insurance, Tuition Remission, Unemployment Insurance, Workers' Compensation and Retirement.

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.

The Rates issued in this Agreement are also applicable to Drexel University College of Medicine (EIN: 23-2979433).

NOTE:

Drexel University acquired the Philadelphia Health & Education Corporation (PHEC) (which was doing business under the name MCP Hahnemann University) on July 1, 2002. PHEC is now a not-for-profit subsidiary of Drexel University (and will do business under the name Drexel University College of Medicine). Drexel University will hold all sponsored projects for the combined entity.
(A) Intergovernmental Personnel Act Agreements.

ORGANIZATION: Drexel University

AGREEMENT DATE: 05/06/2010

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. 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:

Drexel University

(INSTITUTION)

(SIGNATURE)

(NAME) **MICHAEL T. EDWARDS**

Senior Associate

Vice Provost for Research

(TITLE)

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(SIGNATURE)

Darryl W. Mayes

(NAME)

Director, Mid-Atlantic Field Office

(TITLE)

5/6/2010

(DATE) 0557

HHS REPRESENTATIVE:

Steven Zuraf

Telephone:

(202) 401-2808