



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
 Financial Management Services
 Division of Cost Allocation

26 Federal Plaza, Room 41-122
 New York, New York 10278
 Phone: (212) 264-2069
 Fax: (212) 264-5478

June 15, 2011

Ms. Nancy E. Vasil
 Director of Financial Services
 University of Massachusetts Medical School
 55 Lake Avenue North
 Worcester, MA 01655

Dear Ms. Vasil:

A negotiation agreement is being faxed to you for signature. This agreement reflects an understanding reached between your institution and a member of my staff concerning the rates or amounts that may be used to support your claim for costs on grants and contracts with the Federal Government. The agreement must be signed by a duly authorized representative of your institution and faxed to me; retain a copy for your file. Our fax number is (212) 264-5478. We will reproduce and distribute the agreement to awarding agencies of the Federal Government for their use.

Requirements for adjustments to costs claimed under Federal Grants and Contracts resulting from this negotiation are dependent upon the type of rate contained in the negotiation agreement. Information relating to these requirements is enclosed.

In consideration of this negotiation, the following conditions are agreed to:

1. The following under/(over) recoveries resulting from the settlement of your fringe benefit rate for Fiscal Year Ended June 30, 2010 were considered in establishing fixed rates for Fiscal Year Ending June 30, 2012. The under/(over) recoveries must be included in your fringe benefit proposal based on actual expenses for Fiscal Year Ending June 30, 2012.

Carry-Forward Amounts

Workers' Compensation Insurance	\$ 90,677
Health and Welfare	\$ 638,698

2. A fringe benefit proposal based on actual cost for Fiscal Year Ending June 30, 2011 is due in our office by December 31, 2011.

* The University of Massachusetts
 A-133 report may be viewed in full
 at:

<http://www.massachusetts.edu/controller>

Ms. Nancy E. Vasil

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June 15, 2011

A proposal encompassing all activities of your institution together with the required supporting information must be submitted to my office at the address below for each fiscal year your institution claims costs under grants and contracts awarded by the Federal Government. This proposal is due within six months after the close of your fiscal year. Therefore, a proposal for fiscal year ending June 30, 2010 will be due in my office not later than December 31, 2010*. The proposal will be used to establish rates/amounts for the fiscal year subsequent to the last period covered by an approved final, fixed, or predetermined rate(s). Failure to submit a timely proposal will be interpreted as a forfeiture of reimbursement for indirect costs. Therefore, unless a proposal is received by December 31, 2010, future awards made by the Department of Health and Human Services will be for direct costs only and will not provide for the recovery of costs contained in this agreement. In addition, the costs claimed against awards already made may be subject to disallowances.

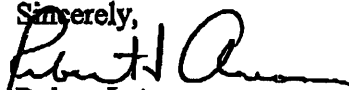
If you are unable to submit your proposal by the prescribed date, you may request an extension. This request must be submitted prior to the due date of the proposal and must contain a justification for the extension and the date the proposal will be submitted.

Your proposal and relevant correspondence should be addressed to:

Department of Health and Human Services
 Division of Cost Allocation
 26 Federal Plaza, Room 41-122
 New York, New York 10278
 (212) 264-1823

In addition, please acknowledge your concurrence with the comments and conditions cited above by signing this letter in the space provided below and FAX (212-264-5478) it to me with the enclosed negotiation agreement.

Sincerely,



Robert I. Aaronson
 Director, Division of
 Cost Allocation

Enclosures

Concurrence:

Name

Title

Date

Nancy E. Vasil
Assoc. Vice Chancellor, ATF + CFO
6/16/11

* FYE June 30, 2010 proposal has been received.

ORIGINAL

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1043167352A1

DATE:06/15/2011

ORGANIZATION:

University of Massachusetts Medical School

FILING REF.: The preceding agreement was dated 03/17/2010

55 Lake Avenue North
Worcester, MA 01655-

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)	
<u>EFFECTIVE PERIOD</u>					
<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2010	06/30/2011	64.50	On-Campus	Research
PRED.	07/01/2010	06/30/2011	26.00	Off-Campus	Research
PRED.	07/01/2010	06/30/2011	19.00	All Location	OSA-CM (SR#6)
PRED.	07/01/2010	06/30/2011	34.50	On-Campus	Other Spon Act
PRED.	07/01/2010	06/30/2011	25.90	Off-Campus	Other Spon Act
PROV.	07/01/2011	Until Amended			Use the same rates and conditions as those cited for the fiscal year ending June 30, 2011.

***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.

ORGANIZATION: University of Massachusetts Medical School
 AGREEMENT DATE: 06/15/2011

SECTION II: SPECIAL REMARKS

NA

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.

1. The following rate applies to research effort performed at the Massachusetts Biologic Labs:

TYPE	FROM	TO	RATE
PRED.	07/01/10	06/30/11	53.5%
PROV.	07/01/11	Until Amended	Use the rate cited for the period ending 6/30/11

2. The following rate applies to research effort performed at the Shriver Campus:

TYPE	FROM	TO	RATE
PRED.	07/01/10	06/30/11	41.5%
PROV.	07/01/11	Until Amended	Use the rate cited for the period ending 6/30/11

3. The rates in this Agreement have been negotiated to reflect the administrative cap provisions of the revisions to OMB Circular A-21 published by the Office of Management and Budget on May 8, 1996. No rate affecting the institution's fiscal periods beginning on or after October 1, 1991 contains total administrative cost components in excess of that 26 percent cap.

4. Fringe benefits are claimed using approved rates contained in the Massachusetts State-Wide Cost Allocation Plan. The following additional fixed fringe benefit charges are approved for the University:

	FYE	FYE
	6/30/11	6/30/12
Workers' Compensation Insurance	.53%(S&W)	.53%(S&W)
Medicare	(1)	(1)
Health and Welfare	1.27%(S&W)	1.36%(S&W)
Unemployment	(1)	(1)

(1) Beginning for Fiscal Year 2008 the State negotiated rate incorporates Unemployment Insurance and Medicare in the Federally negotiated State "6B" rate.

5. 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.

6. Commonwealth Medicine is the public, non-profit consulting and service organization founded by the University of Massachusetts Medical School. The Other Sponsored Activities - Commonwealth Medicine (OSA-CM) base consists of the direct costs of public service programs that have evolved through partnerships with State agencies.

This separate OSA-CM rate receives an allocation of applicable general and administrative and information services costs only. Departmental administration, sponsored projects administration and facilities costs are not applicable to these programs.

THIS RATE AGREEMENT UPDATES FRINGE BENEFIT RATES ONLY.

ORGANIZATION: University of Massachusetts Medical School

AGREEMENT DATE: 06/15/2011

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:

University of Massachusetts Medical School

(INSTITUTION)

Nancy E. Vasil

(SIGNATURE)

Nancy E. Vasil

(NAME)

Assoc. Vice Chancellor, A+F+CFO

(TITLE)

6/16/11

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Robert I. Aaronson

(SIGNATURE)

Robert I. Aaronson

(NAME)

Director, Northeastern Field Office

(TITLE)

6/15/2011

(DATE) 0577

HHS REPRESENTATIVE:

Michael Stanco

Telephone:

(212) 264-2069