



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Portfolio  
Cost Allocation Services

7700 Wisconsin Avenue, Suite 2301  
Bethesda, MD 20814  
PHONE: (301) 492-4855  
FAX: (301) 492-5081  
EMAIL: [CAS-Bethesda@psc.hhs.gov](mailto:CAS-Bethesda@psc.hhs.gov)

March 1, 2023

Ms. Penny D. Cox  
Treasurer  
University of Kentucky  
301 Peterson Service Building  
Lexington, KY 40506-0005

Dear Ms. Cox:

A copy of the F&A Rate Agreement is being mailed to you. 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 overhead 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, 2022 are:

- Over-recovery of \$5,058,300 applicable to Full-time Faculty
- Over-recovery of \$10,399,561 applicable to Full-time Staff
- Over-recovery of \$361,301 applicable to Others

These amounts are included in your fixed fringe benefit rates for the fiscal year ending June 30, 2024 which are listed in the attached Rate Agreement.

To indicate your concurrence with the understanding cited above, please have this letter and the attached agreement signed by an authorized representative of your organization and return to [CAS-Bethesda@psc.hhs.gov](mailto:CAS-Bethesda@psc.hhs.gov), 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.

Ms. Cox  
March 1, 2023  
Page 2

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 for the fiscal year ending June 30, 2023, will be due in our office by December 31, 2023. The next indirect cost proposal for the fiscal year ending June 30, 2022, will be due in our office by April 30, 2023. Please submit your next proposal electronically via email to [CAS-Bethesda@psc.hhs.gov](mailto:CAS-Bethesda@psc.hhs.gov).


Sincerely,  
Darryl W.  
Mayes -S

Digitally signed by Darryl W. Mayes -S  
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ou=HHS, ou=PSC, ou=People,  
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Date: 2023.03.07 07:43:04 -05'00'

Darryl W. Mayes  
Deputy Director  
Division of Cost Allocation

CONCURRENCE:

University of Kentucky  
\_\_\_\_\_  
(Institution)

\_\_\_\_\_  
(Signature)  Digitally signed by  
Penny D. Cox, Treasurer  
Date: 2023.03.08  
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\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

## COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 61-6033693  
 ORGANIZATION:  
 University of Kentucky  
 Office of the Treasurer  
 301 Peterson Service Building  
 Lexington, KY 40506-0005

Date: 03/01/2023  
 FILING REF.: The preceding  
 agreement was dated  
 03/10/2022

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)	
	<b><u>EFFECTIVE PERIOD</u></b>				
<b><u>TYPE</u></b>	<b><u>FROM</u></b>	<b><u>TO</u></b>	<b><u>RATE(%)</u></b>	<b><u>LOCATION</u></b>	<b><u>APPLICABLE TO</u></b>
PRED.	07/01/2020	06/30/2023	53.00	On-Campus	Organized Research (A)
PRED.	07/01/2020	06/30/2023	45.00	On-Campus	Agriculture Research (B)
PRED.	07/01/2020	06/30/2023	46.00	On-Campus	Instruction
PRED.	07/01/2020	06/30/2023	34.00	On-Campus	Other Sponsored Activities
PRED.	07/01/2020	06/30/2023	26.00	Off-Campus	All Programs
PROV.	07/01/2023	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2023.

**\*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, participant support costs, 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.

**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	7/1/2022	6/30/2023	1.50	All	Full-Time Faculty
FIXED	7/1/2022	6/30/2023	1.89	All	Full-Time Staff
FIXED	7/1/2022	6/30/2023	1.03	All	All Other Employees (A)
FIXED	7/1/2023	6/30/2024	0.84	All	Full-Time Faculty
FIXED	7/1/2023	6/30/2024	0.95	All	Full-Time Staff
FIXED	7/1/2023	6/30/2024	0.65	All	All Other Employees (A)
PROV.	7/1/2024	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2024.

**\*\* DESCRIPTION OF FRINGE BENEFITS RATE BASE:**

Salaries and wages.

(A) Rate applicable to Part-time employees, students, Civil Service employees, House-staff employees and Post-docs.

## **SECTION II: SPECIAL REMARKS**

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### TREATMENT OF FRINGE BENEFITS:

The following fringe benefits are specifically identified to each employee and are charged individually as direct costs. They are: FICA; Life Insurance, Health Insurance and TIAA/CREF.

The following fringe benefits are charged via the Fringe Benefit rates listed in Section I: Disability, Workers' Compensation, Employee Education, Supplemental Retirement Income, Post Retirement Benefits, Wellness, Unemployment, Terminal Vacation and Terminal Sick Leave.

### 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-site rate will apply to the entire project. Grants or contracts will not be subject to more than one indirect cost rate. If more than 50% of a project is performed off-site, the off-site rate will apply to the entire project.

This Agreement applies to the University of Kentucky EIN 61-6001218 and the University of Kentucky Research Foundation 61-6033693.

Per 2 CFR 200.414(g) – A rate extension was granted on 03/17/2020. The one year rate extension of the indirect cost rate was granted in accordance with the OMB Memorandum M-20-17 on 09/28/2020.

**APPLICATION OF INDIRECT COST RATES TO DOD CONTRACTS/SUBCONTRACTS:**

In accordance with DFARS 2231.303, no limitation (unless waived by the institution) may be placed on the reimbursement of otherwise allowable indirect cost rates incurred by an institution of higher education under a DOD contract awarded on or after November 30, 1993, unless the same limitation is applied uniformly to all other organizations performing similar work. It has been determined by the department of Defense that such limitation is not being uniformly applied. Accordingly, the following rates do not reflect the application of the 26% limitation on administrative indirect costs imposed by OMB 2 CFR 200.

PRED. 07/01/2020 to 06/30/2023 55.00% On-Campus Organized Research (A)

PRED. 07/01/2020 to 06/30/2023 28.70% Off-Campus Organized Research (A)

PROV. 07/01/2023 to Until Amended – Use same rates and conditions as those cited for fiscal year ending June 30, 2023.

This rate agreement updates fringe benefit rates only. The next indirect cost proposal based on actual costs for the fiscal year ending 06/30/2022 is due in our office by 12/31/2022. The next fringe benefit proposal based on actual costs for the fiscal year ending 06/30/2022 is due in our office by 03/31/2023.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5000.

**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 indirect cost pool 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 indirect 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 indirect 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 Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by 2 CFR 200, 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 indirect 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 indirect costs allocable to these programs.

**BY THE INSTITUTION:**

University of Kentucky

(INSTITUTION)

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

Digitally signed by

Penny D. Cox,  
Treasurer

Date: 2023.03.08  
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**ON BEHALF OF THE GOVERNMENT:**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Darryl W. Mayes -S

(SIGNATURE)

Darryl W. Mayes

(NAME)

Deputy Director, Cost Allocation Services

(TITLE)

03/01/2023

(DATE)

HHS REPRESENTATIVE: Ernest Kinneer

TELEPHONE: (301) 492-4855

Digitally signed by Darryl W. Mayes -S  
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ou=People, 0.9.2342.19200300.100.1.1=2000131669,  
cn=Darryl W. Mayes -S  
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