DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

1301 Young Street, Room 732
Dallas, TX 75202
PHONE: (214) 767-3261
FAX: (214) 767-3264
EMAIL: CAS-Dallas@psc.hhs.gov

March 23, 2017

Donna K. Torres, CPA
Associate Vice President for Accounting Services
Louisiana State University
204 Thomas Boyd Hall
Baton Rouge, LA 70803

Dear Ms. Torres:

A copy of the indirect rate cost Rate Agreement is being sent to you for 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 to the following over/under recoveries:

	2015/2017	2016/2018
Main Campus Employees	($9,980,152)	($5,176,119)
Federal Employees	($410,611)	($78,581)
Non-Federal Employees	($4,548,431)	($3,139,039)
GA Tuition Remission	($2,117,543)	($3,789,899)

These amounts are included in your fixed fringe benefit rates for the fiscal year ending 06/30/2018 which are listed in the attached Rate Agreement. For the 2016/2018 carry forward, the grantee elected to waive $12,077,612 of the under-recovery for the Main Campus Employees and $7,324,426 for the Non-Federal Employees.

During our review of your proposal, it was disclosed that the Institution's actuarially determined pension contributions exceeded the Governmental Accounting Standards Board (GASB) Statement No. 68 calculated pension expense. However, 2 CFR 200.431(g) (3) only allows pension plan costs determined in accordance with GAAP (i.e., GASB 68). The Office of Management and Budget (OMB) is aware of this issue and is currently considering revising the regulations. Therefore, we reserve the right to revise this Agreement to disallow the pension contributions in excess of the GASB 68 calculated pension expense, if OMB does not revise the regulation or issue an exception.

Please indicate your concurrence with this condition by counter-signing this letter below and returning it to me. Please have the Agreement signed by an authorized representative of your organization and return within ten business days of receipt. The signed Agreement should be sent to me by email, while retaining the copy for your files. Only when the signed Agreement is returned, will we then reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

The Office of Management and Budget (OMB) have requested that we reach an agreement with each institution on components for the published F&A cost rates. The attached form(s) are provided for that purpose. Please sign the form(s) and return them with the agreement.

A Fringe Benefit cost proposal, together with supporting information and the certified audit financial statement, is required each year. Thus, your next Fringe Benefit cost proposal based on actual costs for the fiscal year ending June 30, 2017 is due in our office by December 31, 2017.

An F&A cost proposal, together with supporting information, are required to substantiate your claim for F&A costs under grants and contracts awarded by the Federal Government. Thus, your next F&A cost proposal based on actual costs for the fiscal year ending June 30, 2020 is due in our office by December 31, 2020.

Since this is an integral part of the Negotiation Agreement, please note your acceptance by signing in the space provided below.

Please submit your proposals electronically via email to CAS-Dallas@psc.hhs.gov. Thank you for your cooperation.

Sincerely,

Arif M. Karim -A

Digitally signed by Arif M. Karim -A
DN: c=US, o=U.S. Government, ou=HHS, ou=PSC, ou=People, cn=Arif M. Karim -A, 0.9.2342.19200300.100.1.1=2000212895
Date: 2017.04.03 12:24:35 -05'00'

Arif Karim
Director
Cost Allocation Services

Enclosures

ACCEPTANCE

Louisiana State University
(Institution)

(Signature)

Daniel T. Layzell
(Name)

VP for Finance + Administration / CFO
(Title)

4/24/17
(Date)

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 1726000848A1

ORGANIZATION:
Louisiana State University
330 Thomas Boyd Hall
Baton Rouge, LA 70803-2701

DATE:03/23/2017

FILING REF.: The preceding agreement was dated 10/11/2016

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				
TYPE	**FROM**	**TO**	**RATE(%)**	**LOCATION**	**APPLICABLE TO**
PRED.	07/01/2013	06/30/2017	48.00	On Campus	Organized Research (1)
PRED.	07/01/2013	06/30/2017	49.00	On Campus	Instruction
PRED.	07/01/2013	06/30/2017	35.00	On Campus	Other Spon. Act.
PRED.	07/01/2013	06/30/2017	40.00	On Campus	Agri. Center
PRED.	07/01/2013	06/30/2017	26.00	Off Campus	All Programs
PRED.	07/01/2017	06/30/2021	48.00	On Campus	Organized Research (1)
PRED.	07/01/2017	06/30/2021	49.00	On Campus	Instruction
PRED.	07/01/2017	06/30/2021	35.00	On Campus	Other Spon. Act.
PRED.	07/01/2017	06/30/2021	40.00	On Campus	Agri. Center
PRED.	07/01/2017	06/30/2021	26.00	Off Campus	All Programs
PROV.	07/01/2021	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2021.

*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, 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.

(1) Includes all Pennington Biomedical Research Center Projects.

SECTION I: FRINGE BENEFIT RATES**

TYPE	FROM	TO	RATE(%)	LOCATION	APPLICABLE TO
FIXED	7/1/2016	6/30/2017	44.00	Main Campus	Main Campus
FIXED	7/1/2016	6/30/2017	33.00	AG Center	Federal Employees
FIXED	7/1/2016	6/30/2017	46.00	AG Center	Non Federal Employees
FIXED	7/1/2016	6/30/2017	35.00	All	Graduate Assistants Tuition Remission
FIXED	7/1/2017	6/30/2018	44.00	Main Campus	Main Campus Employees
FIXED	7/1/2017	6/30/2018	33.00	AG Center	Federal Employees
FIXED	7/1/2017	6/30/2018	48.00	AG Center	Non Federal Employees
FIXED	7/1/2017	6/30/2018	35.00	All	Graduate Assistants Tuition Remission
PROV.	7/1/2018	Until amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2018.

** DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages.

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.

EQUIPMENT DEFINITION:
Equipment means an article of non expendable, 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:

Main Campus-
Group Medical & Life Insurance
Medicare Contribution, Social Security
La. State Retirement System, TIAA-CREF Matching Retirement
Teachers' Retirement System
Unemployment Compensation, Workers' Compensation
Termination Pay, Sabbatical Leave
Optional Retirement Plan
Employee Tuition Exemption Program
LA Deferred Comp.457 Plan
LA School Employees Retirement System
Graduate Assistant Tuition Exemption Program

Agriculture Centers-
Group Medical & Life Insurance
Medicare Contribution
Unemployment Compensation, Workers' Compensation
Social Security
Termination Pay, Sabbatical Leave
Graduate Assistant Tuition Exemption Program

Non-Federal employees:
LA State Retirement System
TIAA-CREF Matching Retirement
Teachers' Retirement, Optional Retirement Plan

Federal Employees:
Federal Civil Service Retirement

Per 2 CFR 200.414(g) - A rate extension has been granted.

Next Proposal Due:

The next F&A cost proposal based on actual costs for the fiscal year ending 06/30/2020 is due in our office by 12/31/2020.

The fringe benefit cost proposal based on actual costs for the fiscal year ending 06/30/2017 is due in our office by 12/31/2017.

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 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 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:

Louisiana State University

(INSTITUTION)

Daniel T. Layzell

(SIGNATURE)

Daniel T. Layzell

(NAME)

V.P. For Finance + Administration/CFO

(TITLE)

4/24/17

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Arif M. Karim -A

Digitally signed by Arif M. Karim -A
DN: c=US, o=U.S. Government, ou=HHS, ou=PSC, ou=People, cn=Arif M. Karim -A, 0.9.2342.19200300.100.1.1=2000212895
Date: 2017.04.03 12:24:02 -05'00'

(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

3/23/2017

(DATE) 0022

HHS REPRESENTATIVE: Matthew Dito

Telephone: (214) 767-3261