



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

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

August 4, 2009

Mr. Christopher McCrudden  
Vice President of Finance & Treasurer  
Princeton University  
5 New South Building, P.O. Box 5292  
Princeton, New Jersey 08544-5292

Dear Mr. McCrudden:

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 was agreed to:

1. The carry-forward under-recovery of \$3,790,803 resulting from the settlement of the University Benefit Pool fringe benefit rate for the year ended June 30, 2008 will be taken into consideration in computing the actual fringe benefit rate for the fiscal year ending June 30, 2010.
2. The carry-forward under-recovery of \$301,997 resulting from the settlement of the Academic Add-On Pool fringe benefit rate for the year ended June 30, 2008 will be taken into consideration in computing the actual fringe benefit rate for the fiscal year ending June 30, 2010.
3. A fringe benefit proposal based on actual costs for fiscal year ending June 30, 2009 is due by December 31, 2009.

Mr. Christopher McCrudden

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August 4, 2009


A proposal encompassing all activities of your institution together with the required supporting information must be submitted to my office at the address shown 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, 2011 will be due in my office not later than December 31, 2011. 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, 2011, 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: 

Carolyn N. Ainslie  
 Name **Vice President for Finance and Treasurer**

Title \_\_\_\_\_

Date \_\_\_\_\_

AUG 05 2009

**ORIGINAL**

**COLLEGES AND UNIVERSITIES RATE AGREEMENT**

EIN #: 1210634501A1

DATE: August 4, 2009

**INSTITUTION:**

Princeton University  
 5 New South Building, P.O. Box 5292  
 Princeton NJ 08544-5292

FILING REF.: The preceding Agreement was dated July 9, 2008

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.	07/01/09	06/30/12	61.0	On-Campus	Research
PRED.	07/01/09	06/30/12	26.0	Off-Campus	Research
PROV.	07/01/12	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2012.		

**\*BASE:**

Total direct costs excluding capital expenditures (buildings, individual items of equipment; alterations and renovations), that portion of each subaward in excess of \$25,000; hospitalization and other fees associated with patient care whether the services are obtained from an owned, related or third party hospital or other medical facility; rental/maintenance of off-site activities; student tuition remission and student support costs (e.g., student aid, stipends, dependency allowances, scholarships, fellowships).

INSTITUTION:  
Princeton University

AGREEMENT DATE: August 4, 2009

SECTION I: FRINGE BENEFITS RATES\*\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
FIXED	07/01/09	06/30/10	27.7	(1)	Regular Employees
FIXED	07/01/09	06/30/10	34.3	(2)	Regular Employees
PROV.	07/01/10	UNTIL AMENDED	27.9	(1)	Regular Employees
PROV.	07/01/10	UNTIL AMENDED	34.3	(2)	Regular Employees

(1) The rate is applicable to all Administrative Officers, Departments, the Library and other University Services.

(2) The rate is applicable to Academic Departments and Programs.

\*\*DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages of faculty and staff including vacation, holiday and sick leave pay and other paid absences of only the faculty and staff. Rate does not apply to student employees, research or teaching assistants.

INSTITUTION:  
Princeton University

AGREEMENT DATE: August 4, 2009

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 for the costs of these paid absences are not made.

1. 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.
2. The indirect cost rates are not applicable to charges for centralized University Services such as Computer Center, Utility Plant, Printing and Duplicating Shops, and Food Services.
3. For all activities performed in facilities not owned by the institution and/or to which rent is directly allocated to the project(s), the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate.
4. Fringe Benefits: Annual fringe benefits rates consisting of Retirement Expenses, FICA, Life Insurance, Health Insurance, Staff Educational Assistance, Childcare Support, Worker's Compensation, Disability Insurance, Unemployment, Cafeteria Subsidy, and Expense Account for Administrative costs, shall apply to direct salaries and wages in lieu of individual direct charges.
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. The indirect cost and fringe benefit rates in this agreement are not applicable to the Princeton Plasma Physics Laboratory. Consistent with provisions of the Department of Energy Contract DE-AC02-76CH03073, DOE negotiates separate rates and amounts.

INSTITUTION:  
Princeton University

AGREEMENT DATE: August 4, 2009

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 this 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:  
Princeton University

ON BEHALF OF THE FEDERAL GOVERNMENT:

(INSTITUTION)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Carolyn N. Ainslie*

(AGENCY)

*Robert I. Aaronson*

(SIGNATURE)

(SIGNATURE)

CAROLYN N. AINSLIE

Robert I. Aaronson

(NAME)

(NAME)

Carolyn N. Ainslie

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

Vice President for Finance and Treasurer

(TITLE)

(DATE)

AUG 05 2009

August 4, 2009

(DATE) 0925

HHS REPRESENTATIVE: Louis Martilotti

Telephone: (212) 264-2069