



DEPARTMENT OF THE NAVY
 OFFICE OF NAVAL RESEARCH
 875 NORTH RANDOLPH STREET
 SUITE 1425
 ARLINGTON, VA 22203-1995

IN REPLY REFER TO:

Agreement Date: August 6, 2018

NEGOTIATION AGREEMENT

**Institution: VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
 BLACKSBURG, VIRGINIA 24061**

The Facility and Administrative (F&A) cost rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the Virginia Polytechnic Institute and State University by all Federal Agencies of the United States of America, in accordance with the cost principles mandated by 2 CFR Part 200. These rates shall be used for forward pricing and billing purposes for the Virginia Polytechnic Institute and State University Fiscal Years 2019 through 2021. This rate agreement supersedes all previous rate agreements/determinations for Fiscal Year 2019.

Section I: RATES - TYPE: PREDETERMINED (PRED)

Facility and Administrative Cost Rates:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Rate</u>	<u>Base</u>	<u>Applicable To</u>	<u>Location</u>
PRED	7/1/2018	6/30/2019	61.00%	(a)	Organized Research (1)	On Campus
PRED	7/1/2019	6/30/2020	60.50%	(a)	Organized Research (1)	On Campus
PRED	7/1/2020	6/30/2021	60.00%	(a)	Organized Research (1)	On Campus
PRED	7/1/2018	6/30/2019	64.10%	(a)	Organized Research (2)	On Campus
PRED	7/1/2019	6/30/2020	63.50%	(a)	Organized Research (2)	On Campus
PRED	7/1/2020	6/30/2021	63.00%	(a)	Organized Research (2)	On Campus
PRED	7/1/2018	6/30/2021	27.50%	(a)	Organized Research (1)	Off Campus Adjacent*
PRED	7/1/2018	6/30/2019	30.60%	(a)	Organized Research (2)	Off Campus Adjacent
PRED	7/1/2019	6/30/2021	30.50%	(a)	Organized Research (2)	Off Campus Adjacent
PRED	7/1/2018	6/30/2021	26.00%	(a)	Organized Research (1)	Off Campus Remote**
PRED	7/1/2018	6/30/2019	29.10%	(a)	Organized Research (2)	Off Campus Remote
PRED	7/1/2019	6/30/2021	29.00%	(a)	Organized Research (2)	Off Campus Remote
PRED	7/1/2018	6/30/2021	53.00%	(a)	Instruction	On Campus
PRED	7/1/2018	6/30/2021	26.00%	(a)	Instruction	Off Campus
PRED	7/1/2018	6/30/2021	35.00%	(a)	Other Sponsored Activities	On Campus
PRED	7/1/2018	6/30/2021	23.30%	(a)	Other Sponsored Activities	Off Campus
PRED	7/1/2018	6/30/2021	46.00%	(a)	Agricultural Exp. Station	On Campus
PRED	7/1/2018	6/30/2021	19.50%	(a)	Agricultural Exp. Station	Off Campus

* Off Campus - Adjacent: Activities performed within the commuting area of Blacksburg, VA

** Off Campus - Remote: Activities performed outside the commuting area of Blacksburg, VA

DISTRIBUTION BASES:

(a) Modified Total Direct Costs consisting of salaries and wages, applicable fringe benefits, materials and supplies, services, travel and subawards up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000 shall be excluded from modified total direct costs. Equipment is defined as having an acquisition cost which equals or exceeds \$2,000 and a useful life of more than one year.

APPLICABLE TO:

- (1) Applies to all DoD contracts and subcontracts awarded before November 30, 1993, all Non-DoD instruments, and all DoD grants. (See Section II, Part E) (Capped Rate).
- (2) Applies to only DoD contracts awarded on or after November 30, 1993 in accordance with and under the authority of DFARS 231.303(1). (See Section II, Part E) (Uncapped Rate).

SECTION II: GENERAL TERMS AND CONDITIONS

A. LIMITATIONS: Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is applicable to a given grant, contract or other agreement only to the extent that funds are available and consistent with any and all limitations of cost clauses or provisions, if any, contained therein. Acceptance of any or all of the rates agreed to herein is predicated upon all the following conditions: (1) that no costs other than those incurred by the recipient/contractor were included in its indirect cost pool as finally accepted and that all such costs are legal obligations of the recipient/contractor and allowable under governing cost principles; (2) that the same costs that have been treated as indirect costs are not claimed as direct costs; (3) that similar types of costs, in like circumstances, have been accorded consistent accounting treatment; (4) that the information provided by the recipient/contractor, which was used as the basis for the acceptance of the rates agreed to herein and expressly relied upon by the Government in negotiating the said rates, is not subsequently found to be materially incomplete or inaccurate.

B. ACCOUNTING CHANGES: The rates contained in Section I of this agreement are based on the accounting system in effect at the time this agreement was negotiated. Changes to the method(s) of accounting for costs, which affects the amount of reimbursement resulting from the use of these rates, require the written approval of the authorized representative of the cognizant negotiating agency for the Government prior to implementation of any such changes. 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 such approval may result in subsequent cost disallowances.

C. PREDETERMINED RATES: The predetermined rates contained in this agreement are not subject to adjustment in accordance with the provisions of 2 CFR Part 200, subject to the limitations contained in Part A of this section.

D. USE BY OTHER FEDERAL AGENCIES: The rates set forth in Section I hereof were negotiated in accordance with and under the authority set forth in 2 CFR Part 200. Accordingly,

such rates shall be applied to the extent provided in such regulations to grants, contracts and other agreements to which 2 CFR Part 200 is applicable, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other Federal agencies to provide such agencies with documentary notice of this agreement and its terms and conditions.

E. APPLICATION OF INDIRECT COST RATES TO DOD CONTRACTS: In accordance with DFARS 231.303, no limitation (unless waived by the institution) may be placed on the reimbursement of otherwise allowable indirect costs 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 rates cited (2) of Section I, as explained under the title, "APPLICABLE TO" do not reflect the application of the 26% limitation on administrative indirect costs imposed by 2 CFR Part 200, whereas (1) do so.

F. DFARS WAIVER: Signature of this agreement by the authorized representative of Virginia Polytechnic Institute and State University and the Government acknowledges and affirms the University's request to waive the prohibition contained in DFARS 231.303(1) and the Government's exercise of its discretion contained in DFARS 231.303(2) to waive the prohibition in DFARS 231.303(1) for Instruction, Other Sponsored Activities and Agricultural Experiment Station rates. The waiver request by Virginia Polytechnic Institute and State University is made to simplify the University's overall management of DOD cost reimbursements under DOD contracts.

Accepted:

FOR VIRGINIA POLYTECHNIC
INSTITUTE AND STATE UNIVERSITY:



M. DWIGHT SHELTON Jr.
Vice President for Finance and
Chief Financial Officer

August 9, 2018
Date

FOR THE U.S. GOVERNMENT:



BETTY J. TINGLE
Contracting Officer

8-13-18
Date

For information concerning this agreement contact:

Betty Tingle, Office of Naval Research, Phone: (703) 696-7742, Email: betty.tingle@navy.mil

INDIVIDUAL RATE COMPONENT SHEET

Institution: Virginia Polytechnic Institute & State University

FY Covered: FY 2019

Rate is Applicable to: Organized Research

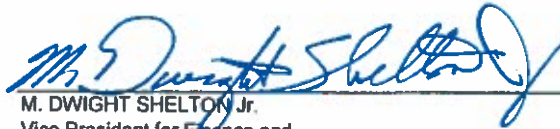
Type of Rate: Predetermined

Distribution Base: \$144,341,874 -- See Below

RATE COMPONENTS:	Organized Research			Organized Research		
	CAPPED			UNCAPPED		
	On-Campus	Off-Campus Adjacent	Off Campus Remote	On-Campus	Off-Campus Adjacent	Off Campus Remote
1. ADMINISTRATIVE						
A. G&A	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%
B. DA	12.67%	12.67%	12.67%	12.67%	12.67%	12.67%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
D. SPA	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%
E. Administrative Cap Adjustment	(3.10%)	(3.10%)	(3.10%)	0.00%	0.00%	0.00%
Subtotal (should not exceed 26%)	26.00%	26.00%	26.00%	29.10%	29.10%	29.10%
2. DEPRECIATION						
A. Buildings/Improvements	6.03%	0.00%	0.00%	6.03%	0.00%	0.00%
B. Equipment	6.52%	0.00%	0.00%	6.52%	0.00%	0.00%
3. INTEREST	3.91%	0.00%	0.00%	3.91%	0.00%	0.00%
4. O&M	16.30%	0.00%	0.00%	16.30%	0.00%	0.00%
5. UTILITY COST ALLOWANCE	0.77%	0.00%	0.00%	0.77%	0.00%	0.00%
6. LIBRARY	1.47%	1.47%	0.00%	1.47%	1.47%	0.00%
Subtotal	35.00%	1.47%	0.00%	35.00%	1.47%	0.00%
7. Voluntary Reduction/Decrement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. Rounding	0.00%	0.03%	0.00%	0.00%	0.03%	0.00%
TOTAL - Capped	61.00%	27.50%	26.00%	64.10%	30.60%	29.10%

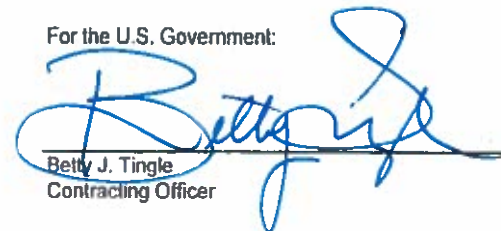
Negotiation Base: MTDC \$ 144,341,874 \$ 124,442,076 \$ 19,899,798 \$ 144,341,874 \$ 124,442,076 \$ 19,899,798

For Virginia Polytechnic Institute & State University:


M. DWIGHT SHELTON Jr.
Vice President for Finance and
Chief Financial Officer

August 9, 2018
Date

For the U.S. Government:


Betty J. Tingle
Contracting Officer

8-13-18
Date

INDIVIDUAL RATE COMPONENT SHEET

Institution: Virginia Polytechnic Institute & State University

FY Covered: FY 2020

Rate is Applicable to: Organized Research

Type of Rate: Predetermined

Distribution Base: \$147,209,163 – See Below

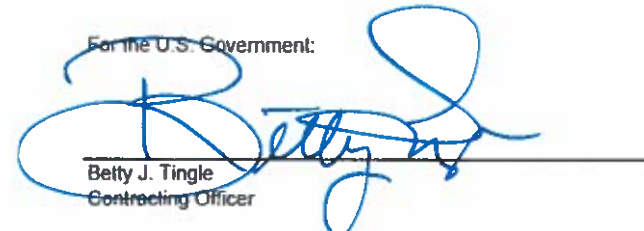
RATE COMPONENTS:	Organized Research			Organized Research		
	CAPPED			UNCAPPED		
	On-Campus	Off-Campus Adjacent	Off Campus Remote	On-Campus	Off-Campus Adjacent	Off Campus Remote
1. ADMINISTRATIVE						
A. G&A	7.37%	7.37%	7.37%	7.37%	7.37%	7.37%
B. DA	12.67%	12.67%	12.67%	12.67%	12.67%	12.67%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
D. SPA	5.42%	5.42%	5.42%	5.42%	5.42%	5.42%
E. Administrative Cap Adjustment	(3.06%)	(3.06%)	(3.06%)	0.00%	0.00%	0.00%
Subtotal (should not exceed 26%)	26.00%	26.00%	26.00%	29.06%	29.06%	29.06%
2. DEPRECIATION						
A. Buildings/Improvements	5.92%	0.00%	0.00%	5.92%	0.00%	0.00%
B. Equipment	6.52%	0.00%	0.00%	6.52%	0.00%	0.00%
3. INTEREST	3.73%	0.00%	0.00%	3.73%	0.00%	0.00%
4. O&M	16.09%	0.00%	0.00%	16.09%	0.00%	0.00%
5. UTILITY COST ALLOWANCE	0.77%	0.00%	0.00%	0.77%	0.00%	0.00%
6. LIBRARY	1.47%	1.47%	0.00%	1.47%	1.47%	0.00%
Subtotal	34.50%	1.47%	0.00%	34.50%	1.47%	0.00%
7. Voluntary Reduction/Decrement	0.00%	0.00%	0.00%	(0.06%)	(0.06%)	(0.06%)
8. Rounding	0.00%	0.03%	0.00%	0.00%	0.03%	0.00%
TOTAL - Capped	60.50%	27.50%	26.00%	63.50%	30.50%	29.00%
Negotiation Base: MTDC	\$ 147,209,163	\$ 126,912,911	\$ 20,296,252	\$ 147,209,163	\$ 126,912,911	\$ 20,296,252

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INDIVIDUAL RATE COMPONENT SHEET

Institution: Virginia Polytechnic Institute & State University

FY Covered: FY 2021


Rate is Applicable to: Organized Research

Type of Rate: Predetermined

Distribution Base: \$150,133,917 -- See Below

RATE COMPONENTS:	Organized Research			Organized Research		
	CAPPED			UNCAPPED		
	On-Campus	Off-Campus Adjacent	Off Campus Remote	On-Campus	Off-Campus Adjacent	Off Campus Remote
1. ADMINISTRATIVE						
A. G&A	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%
B. DA	12.66%	12.66%	12.66%	12.66%	12.66%	12.66%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
D. SPA	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
E. Administrative Cap Adjustment	(3.01%)	(3.01%)	(3.01%)	0.00%	0.00%	0.00%
Subtotal (should not exceed 26%)	26.00%	26.00%	26.00%	29.01%	29.01%	29.01%
2. DEPRECIATION						
A. Buildings/Improvements	5.82%	0.00%	0.00%	5.82%	0.00%	0.00%
B. Equipment	6.52%	0.00%	0.00%	6.52%	0.00%	0.00%
3. INTEREST	3.56%	0.00%	0.00%	3.56%	0.00%	0.00%
4. O&M	15.86%	0.00%	0.00%	15.86%	0.00%	0.00%
5. UTILITY COST ALLOWANCE	0.77%	0.00%	0.00%	0.77%	0.00%	0.00%
6. LIBRARY	1.47%	1.47%	0.00%	1.47%	1.47%	0.00%
Subtotal	34.00%	1.47%	0.00%	34.00%	1.47%	0.00%
7. Voluntary Reduction/Decrement	0.00%	0.00%	0.00%	(0.01%)	(0.01%)	(0.01%)
8. Rounding	0.00%	0.03%	0.00%	0.00%	0.03%	0.00%
TOTAL - Capped	60.00%	27.50%	26.00%	63.00%	30.50%	29.00%
Negotiation Base: MTDC	\$ 150,133,917	\$ 129,433,258	\$ 20,700,659	\$ 150,133,917	\$ 129,433,258	\$ 20,700,659

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INDIVIDUAL RATE COMPONENT SHEET

Institution: Virginia Polytechnic Institute & State University

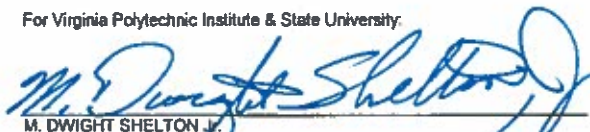
FY Covered: FY 2019-2021

Rate is Applicable to: See Below

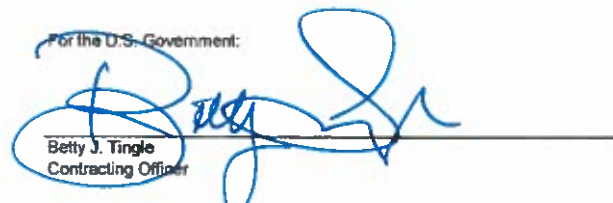
Type of Rate: Predetermined

RATE COMPONENTS:	INSTRUCTION		OTHER SPONSORED ACTIVITIES		AGRIC EXPER STATION	
	ON CAMPUS	OFF CAMPUS	ON CAMPUS	OFF CAMPUS	ON CAMPUS	OFF CAMPUS
1. ADMINISTRATIVE						
A. G&A	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%
B. DA	12.40%	12.40%	6.72%	6.72%	8.38%	8.38%
C. DA Allowance	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
D. SPA	5.47%	5.47%	5.47%	5.47%	0.00%	0.00%
E. Student Services	9.10%	9.10%	0.00%	0.00%	0.00%	0.00%
F. Administrative Cap Adjustment	(12.12%)	(12.12%)	0.00%	0.00%	0.00%	0.00%
Subtotal (should not exceed 26%)	26.00%	26.00%	23.34%	23.34%	19.53%	19.53%
2. DEPRECIATION						
A. Buildings/improvements	4.10%		1.08%		3.31%	
B. Equipment	3.10%		0.90%		2.49%	
3. INTEREST	2.36%		0.48%		1.79%	
4. O&M	11.04%		7.79%		21.80%	
5. UTILITY COST ALLOWANCE	0.00%		0.00%		0.00%	
6. LIBRARY	7.13%		1.37%		1.60%	
7. Rounding	0.00%		0.00%	0.00%	0.00%	(0.03%)
8. Voluntary Reduction/Decrement	(0.73%)		0.04%	(0.04%)	(4.52%)	0.00%
TOTAL	53.00%	26.00%	35.00%	23.30%	46.00%	19.50%
Negotiation Base: MTDC \$000	\$ 372,448,000	\$ 336,000	\$ 87,334,000	\$ 3,248,000	\$ 20,098,000	\$ -

For Virginia Polytechnic Institute & State University:


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