



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

IN REPLY REFER TO:

Agreement Date: February 8, 2021

**NEGOTIATION AGREEMENT**

**INSTITUTION: UNIVERSITY OF ILLINOIS AT CHICAGO  
 CHICAGO, ILLINOIS 60612-7205**

The Fringe Benefits rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the University of Illinois at Chicago by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by 2 CFR Part 200. These rates shall be used for forward pricing and billing purposes for the University of Illinois at Chicago Fiscal Year 2021. This rate agreement supersedes all previous rate agreements/determinations related to these rates for Fiscal Year 2021.

**Section I: RATES - TYPE: PREDETERMINED (PRED)  
 FIXED (FIXED)**

**Fringe Benefits Rates:**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>BENEFIT</u>
PRED	7/1/20	6/30/21	12.70%	(a)	Retirement
FIXED	7/1/20	6/30/21	23.36%	(b)	Health, Life and Dental Insurance
FIXED	7/1/20	6/30/21	0.86%	(b)	Termination Pay
FIXED	7/1/20	6/30/21	4.30%	(c)	Graduate Assistants' Benefits
FIXED	7/1/20	6/30/21	0.01%	(d)	Workers' Compensation
PRED	7/1/20	6/30/21	1.45%	(e)	Medicare
PRED	7/1/20	6/30/21	6.20%	(f)	Old Age Survivors and Disability Insurance (OASDI)

**DISTRIBUTION BASES**

- (a) Salaries and wages of State University Retirement System (SURS) employees.
- (b) Salaries and wages of eligible employees (employees with appointments greater than or equal to 50% time for at least nine months).
- (c) Total salaries of graduate assistants with tuition waivers and fellowships with stipends (excluding assistants with College Work Study).
- (d) Salaries and wages of all employees.
- (e) Salaries and wages of non-student employees hired after 1 April 1986, and student employees enrolled less than half time.
- (f) First \$142,800 of salaries and wages of all non-student employees not participating in SURS, and student employees enrolled less than half time.

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## SECTION II - GENERAL TERMS AND CONDITIONS

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A. **LIMITATIONS:** Use of the rates set forth under Section I is subject to availability of funds and to any other statutory or administrative limitations. The rates are 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 the following conditions: (1) that no costs other than those incurred by the institution were included in this indirect cost pool as finally accepted and that such costs are legal obligations of the institution 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 have been accorded consistent accounting treatment; and (4) that the information provided by the institution which was used as a basis for acceptance of the rates agreed to herein, and expressly relied upon by the Government in negotiating and accepting 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 the agreement was negotiated. Changes to the method(s) of accounting for costs, which affect the amount of reimbursement resulting from the use of these rates require the prior written approval of the authorized representative of the cognizant agency for indirect costs. 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. **FIXED RATES WITH CARRY-FORWARD PROVISIONS:** The fixed rates contained in this agreement are based on estimates of the costs for FY 2021. When actual costs for this fiscal year are determined, adjustments will be applied to a rate negotiation for a subsequent fiscal year to recognize the difference between the FY 2021 estimated costs used to establish the fixed rates and the negotiated actual FY 2021 costs.

E. **CARRY FORWARD AMOUNTS:** This negotiation agreement records agreement on the final carry-forward amounts resulting from determination of actual costs for FY 2020. These costs have been determined in accordance with the provisions of 2 CFR Part 200. The fixed rates set forth in SECTION I are inclusive of the previously determined final 2019 carry-forward amounts shown, which are liquidated in their entirety. Agreement on the carry-forward amounts resulting from determination of actual costs for FY 2019 was recorded within the FY 2020 Fixed Rates Agreement, dated February 21, 2020. Carry-forward amounts for FY 2020 will be liquidated in a future year. ( ) denotes over-recovery.

Rate	Final CFW Amount	Liquidated in FY 2021 Fixed Rates	Balance to be Liquidated
<b>Fiscal Year 2019</b>			
Health, Life, Disability Insurance	\$1,387,361	\$1,387,361	\$0
Termination Pay	(\$541,731)	(\$541,731)	\$0
Graduate Assistants' Benefits	\$75,981	\$75,981	\$0
Workers' Compensation	(*)		(*)
<b>Fiscal Year 2020</b>			
Health, Life, Disability Insurance	(\$163,138)	\$0	(\$163,138)
Termination Pay	\$485,090	\$0	\$485,090
Graduate Assistants' Benefits	\$345,269	\$0	\$345,269
Workers' Compensation	(*)		(*)

(\*) The University of Illinois at Chicago has established a self-insurance trust fund for the purpose of paying workers' compensation claims for employees paid from sponsored accounts. It is understood and agreed that the university shall have no right of recapture of the reserves in the self-insurance trust fund. In the event that the university terminates the self-insurance trust fund and purchases workers' compensation insurance, any unencumbered reserves in the self-insurance trust fund shall be used to pay the workers' compensation insurance premiums until such reserves have been exhausted.

As of 6/30/20 the self-insurance trust fund had an account balance of \$713,990 and a reserve balance of \$364,200. The reserve balance is defined as the account balance less discounted liabilities associated with claims currently being paid. The reserve balance is expected to decrease by approximately \$86,640 in FY 2021, calculated as follows: the sum of the actuarial funding recommendation at the 75% confidence level, plus administrative expense, less projected interest income, less income generated by a 0.01% rate assessment against the salary and wage base. Therefore, the FY 2021 year-end reserve balance is anticipated to be \$277,560 calculated as follows: the FY 2020 year-end reserve balance of \$364,200, less the anticipated fund depletion of \$86,640. The university believes that an estimated year-end reserve balance of not less than \$250,000 and not more than \$500,000 should be sufficient to pay routine workers' compensation claims plus such extraordinary claims as a death, or two-three serious injuries in any given year. In previous years the University agreed that they would not propose an increase to the rate from the prior year's rate unless the year-end reserve balance in the self-insurance trust fund falls below \$250,000, nor decrease the rate from the prior year's rate unless the year-end reserve balance exceeds \$500,000. Since the estimated year end reserve balance is \$277,560, the university is proposing the rate of .01% which is the same rate that was negotiated in FY 2020.

**F. USE BY OTHER FEDERAL AGENCIES:** The rates set forth in Section I are 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 applies, 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.

**G. SPECIAL REMARKS:** The Government's agreement with the rates set forth in Section I is not an acceptance of the University of Illinois at Chicago accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by the University of Illinois at Chicago is on a non-precedence-setting basis and does not imply Government acceptance.

Accepted:

FOR THE UNIVERSITY OF ILLINOIS  
AT CHICAGO:

*Avijit Ghosh*

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Avijit Ghosh  
Vice-President, CFO, and Comptroller

2/8/2021

Date

FOR THE U.S. GOVERNMENT:

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Beth Snyder  
Contracting Officer

2/9/2021

Date

*For information concerning this agreement contact:*  
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