



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

Agreement Date: July 27, 2009

**NEGOTIATION AGREEMENT**

**INSTITUTION: MASSACHUSETTS INSTITUTE OF TECHNOLOGY  
 CAMBRIDGE, MASSACHUSETTS, 02139**

The Employee Benefits and Leave rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the Massachusetts Institute of Technology (MIT) by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by 2 CFR 220. These rates shall be used for forward pricing and billing purposes for MIT's Fiscal Year 2010. This rate agreement supersedes all previous rate agreements/determinations for FY 2010.

**SECTION I: RATES - TYPE: FIXED WITH CARRY-FORWARD PROVISIONS (Fixed)  
 PROVISIONAL (Prov)**

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE</u>	<u>BASE</u>	<u>APPLICABLE TO</u>	<u>LOCATION</u>
<u>Employee Benefits Rates:</u>						
Fixed	7/1/09	6/30/10	22.0%	(a)	Full Time Non-Student Employees	On Campus
Fixed	7/1/09	6/30/10	20.0%	(b)	Full Time Non-Student Employees	Off Campus
Fixed	7/1/09	6/30/10	8.0%	(c)	Part Time Employees and non-Registered MIT Students	On/Off Campus
Prov	7/1/10	Until Amended	24.0%	(a)	Full Time Non-Student Employees	On Campus
Prov	7/1/10	Until Amended	22.0%	(b)	Full Time Non-Student Employees	Off Campus
Prov	7/1/10	Until Amended	8.0%	(c)	Part Time Employees and non-Registered MIT Students	On/Off Campus
<u>Vacation Leave Rates:</u>						
Fixed	7/1/09	6/30/10	8.5%	(d)	Full Time Research Employees	On Campus
Fixed	7/1/09	6/30/10	10.5%	(e)	Full Time Research Employees	Off Campus
Prov	7/1/10	Until Amended	8.5%	(d)	Full Time Research Employees	On Campus
Prov	7/1/10	Until Amended	10.5%	(e)	Full Time Research Employees	Off Campus

### Distribution Bases

- (a) The MIT On-campus salary base consists of salaries and wages of all full time non-student MIT employees charged to MIT general (non-research) accounts and MIT Research On-campus accounts.
- (b) The MIT Off-campus salary base consists of salaries and wages of all full time non-student MIT employees charged to MIT Research Off-campus accounts and Lincoln Laboratory.
- (c) The MIT salary base consists of salaries and wages of all part time employees and non-registered MIT students (on and off campus).
- (d) The MIT Vacation Leave On campus base consists of salaries and wages of all full time non-student, non-faculty MIT research personnel (Research Staff, Hourly Personnel, Project Support Staff, and Tech/Admin Support) charged to MIT Research On-campus accounts.
- (e) The MIT Vacation Leave Off campus salary base consists of salaries and wages of all full time non-student, non-faculty MIT research personnel (Research Staff, Hourly Personnel, Project Support Staff, and Tech/Admin Support) charged to MIT Research Off-campus accounts and Lincoln Laboratory.

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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 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 grantee/contractor were included in its indirect cost pool as finally accepted and that all such costs are legal obligations of the grantee/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 contractor/grantee, 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. FIXED RATES:** The fixed rates in this agreement are based on estimates of the costs for FY 2010. When actual costs for the period is determined, an adjustment will be made to the rates of a future year to recognize the difference between the FY 2010 estimated costs used to establish the fixed rates and the negotiated actual FY 2010 costs.

**D. PROVISIONAL RATES:** The provisional rates contained in this agreement are subject to unilateral amendment by the Government or bilateral amendment by the contracting parties at any time.

**E. LIQUIDATION OF CARRY-FORWARD AMOUNTS:** The fixed rates set forth in Section I include the liquidation of the following estimated carry-forward (cfw) amounts:

<u>Employee Benefits</u>	<u>MIT (Over) Under-Recovery</u>	
	<u>On Campus</u>	<u>Off Campus</u>
Balance of FY01 final cfw	(\$176,000)	0
Balance of FY02 final cfw	(\$192,000)	0
Balance of FY03 final cfw	(\$94,000)	0
Balance of FY04 final cfw	(\$207,000)	0
Balance of FY05 final cfw	(\$719,000)	0
Balance of FY06 final cfw	(\$14,000)	\$152,000
Estimated 08 cfw	(\$480,000)	(\$3,450,000)
<u>Vacation Leave</u>		
Balance of FY05 final cfw	\$776,000	0
Estimated 07 cfw	\$670,000	0
Estimated 08 cfw	(\$1,444,000)	0

This represents complete liquidation of the remaining final carry-forward balances for FY's 2001 through 2006. When the FY's 2007 and 2008 carry-forward amounts are finalized between MIT and ONR, the differences between the final negotiated and estimated carry-forward amounts will be liquidated in a future rate negotiation.

**F. 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 220. Accordingly, such rates shall be applied to the extent provided in such regulations to grants, contracts and other transactions to which 2 CFR 220 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 which have or intend to issue or award grants and contracts using these rates or to otherwise provide such agencies with documentary notice of this agreement and its terms and conditions.

**G. SPECIAL REMARKS:**

1. Off Campus rates are used when the preponderance of effort is performed at Lincoln Laboratory, Haystack Observatory or other off-site locations.

2. The Government's agreement with the rates set forth in Section I is not an acceptance of the MIT's accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by MIT is on a non-precedence-setting basis and does not imply Government acceptance.

Accepted:

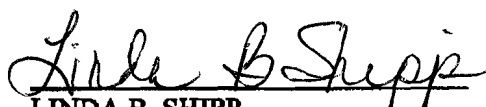
FOR MASSACHUSETTS INSTITUTE  
OF TECHNOLOGY:

  
MICHELLE D. CHRISTY  
Director, Office of Sponsored Programs

Date

July 27, 2009

FOR THE U.S. GOVERNMENT:

  
LINDA B. SHIPP  
Contracting Officer

Date

7-27-09

For information concerning this agreement contact:

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