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HIGHER EDUCATION COMMISSION

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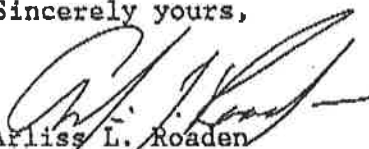
Commissioner David L. Manning  
Department of Finance and Administration  
First Floor, State Capitol  
Nashville, TN 37219

Dear Commissioner Manning:

You asked Commission staff to look at indirect cost recovery rates charged by higher education institutions to other state agencies. As a result, staff have worked with representatives of the Tennessee Board of Regents and the University of Tennessee to reach consensus on a fair and uniform maximum rate to be used by all institutions. We have agreed that the maximum indirect cost recovery rate chargeable against state sponsored grants and contracts is fifteen percent of total direct costs.

Please let me know if you wish to discuss this matter.

Sincerely yours,

  
Arliss L. Roaden  
Executive Director

ALR/PCM/pp

cc: Chancellor Tom Garland  
President Lamar Alexander