State and Local Governments
Indirect Cost Negotiation Agreement

EIN: 74-6027289

Organization:
Texas Animal Health Commission
P.O. Box 12966
Austin, TX 78711-2966

Date: July 10, 2017

Report No(s): 17-A-1051

Filing Ref:
Last Negotiation Agreement
dated November 23, 2016

The indirect cost rate contained herein is for use on grants, contracts, and
other agreements with the Federal Government to which 2 CFR Part 200 applies
for fiscal years beginning on or after December 26, 2014 subject to the
limitations in Section II.A. of this agreement. Applicable OMB Circulars and
the regulations at 2 CFR 225 will continue to apply to federal funds awarded
prior to December 26, 2014. The rate was negotiated by the U.S. Department of
the Interior, Interior Business Center, and the subject organization in
accordance with the authority contained in applicable regulations.

Section I: Rate

<table>
<thead>
<tr>
<th>Type</th>
<th>Effective Period From</th>
<th>To</th>
<th>Rate*</th>
<th>Locations</th>
<th>Applicable To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Carryforward</td>
<td>09/01/17</td>
<td>08/31/18</td>
<td>47.44%</td>
<td>All</td>
<td>All Programs</td>
</tr>
</tbody>
</table>

*Base: Total direct salaries and wages, excluding fringe benefits. The rate
applies to all programs administered by the non-federal entity. To determine
the amount of indirect costs to be billed under this agreement, direct salaries
and wages should be summed and multiplied by the rate. All other program costs,
including fringe benefits associated with direct salaries and wages, should be
eliminated from the calculation.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries
and wages are treated as direct costs; fringe benefits applicable to indirect
salaries and wages are treated as indirect costs.

Section II: General

A. Limitations: Use of the rate(s) contained in this agreement is subject to
any applicable statutory limitations. Acceptance of the rate(s) agreed to
herein is predicated upon these conditions: (1) no costs other than those
incurred by the subject organization were included in its indirect cost rate
proposal, (2) all such costs are the legal obligations of the
grantee/contractor, (3) similar types of costs have been accorded consistent
treatment, and (4) the same costs that have been treated as indirect costs have
not been claimed as direct costs (for example, supplies can be charged directly
to a program or activity as long as these costs are not part of the supply costs
included in the indirect cost pool for central administration).

B. Audit: All costs (direct and indirect, federal and non-federal) are subject
to audit. Adjustments to amounts resulting from audit of the cost allocation
plan or indirect cost rate proposal upon which the negotiation of this agreement
was based will be compensated for in a subsequent negotiation.
C. **Changes:** The rate(s) contained in this agreement are based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in organizational structure, or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate(s) in this agreement, require the prior approval of the responsible negotiation agency. Failure to obtain such approval may result in subsequent audit disallowance.

D. **Rate Type:**
1. **Fixed Carryforward Rate:** A fixed carryforward rate is based on an estimate of the costs that will be incurred during the period for which the rate applies. When the actual costs for such periods have been determined, an adjustment will be made to the rate for future periods, if necessary, to compensate for the difference between the costs used to establish the fixed rate and the actual costs.

2. **Provisional/Final Rates:** Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

3. **Predetermined Rate:** A predetermined rate is an indirect cost rate applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment. (Because of legal constraints, predetermined rates are not permitted for Federal contracts; they may, however, be used for grants or cooperative agreements.)

E. **Rate Extension:** Only final and predetermined rates may be eligible for consideration of rate extensions. Requests for rate extensions of a current rate will be reviewed on a case-by-case basis. If an extension is granted, the non-Federal entity may not request a rate review until the extension period ends. In the last year of a rate extension period, the non-Federal entity must submit a new rate proposal for the next fiscal period.

F. **Agency Notification:** Copies of this document may be provided to other federal offices as a means of notifying them of the agreement contained herein.

G. **Record Keeping:** Organizations must maintain accounting records that demonstrate that each type of cost has been treated consistently either as a direct cost or an indirect cost. Records pertaining to the costs of program administration, such as salaries, travel, and related costs, should be kept on an annual basis.

H. **Reimbursement Ceilings:** Grantee/contractor program agreements providing for ceilings on indirect cost rates or reimbursement amounts are subject to the ceilings stipulated in the contract or grant agreements. If the ceiling rate is higher than the negotiated rates in Section I of this agreement, the negotiated rates will be used to determine the maximum allowable indirect cost.

I. **Use of Other Rates:** If any federal programs are reimbursing indirect costs to this grantee/contractor by a measure other than the approved rate(s) in this agreement, the grantee/contractor should credit such costs to the affected
programs, and the approved rate(s) should be used to identify the maximum amount of indirect cost allocable to these programs.

J. Central Service Costs: If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based on the latest federally-approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.

K. Other:
1. The purpose of an indirect cost rate is to facilitate the allocation and billing of indirect costs. Approval of the indirect cost rate does not mean that an organization can recover more than the actual costs of a particular program or activity.

2. Programs received or initiated by the organization subsequent to the negotiation of this agreement are subject to the approved indirect cost rate(s) if the programs receive administrative support from the indirect cost pool. It should be noted that this could result in an adjustment to a future rate.

3. Indirect cost proposals must be developed (and, when required, submitted) within six (6) months after the close of the governmental unit’s fiscal year, unless an exception is approved by the cognizant agency for indirect costs.

Section III: Acceptance

Listed below are the signatures of acceptance for this agreement:

By the State & Local Government:

Texas Animal Health Commission
State/Local Government

Megan Hilkey
Signature
Megan Hilkey
Name (Type or Print)
Asst. Dir. of Financial Serv.
Title
7-5-17
Date

By the Cognizant Federal Government Agency:

U.S. Dept of Agriculture, APHIS
Agency
BARBARA CAMPBELL
Signature
Barbara Campbell
Name
Office Chief (A)
Office of Indirect Cost Services
Title
U.S. Department of the Interior
Interior Business Center
Agency

/s/
Digitally signed by BARBARA CAMPBELL
Date: 2017.07.10 16:55:56 -06'00'

/s/
Digitally signed by BARBARA CAMPBELL
Date: 2017.07.10 16:55:56 -06'00'

Negotiated by Muberra Guvenc
Telephone (916) 930-3816