

COST ALLOCATION AGREEMENT  
STATE AND LOCAL GOVERNMENTS

EIN: 1746000100A1

DATE: March 19, 1999

DEPT/AGENCY:  
State of Texas  
P.O. Box 13561  
Austin, TX 78711

FILING REF: The preceding  
Agreement was dated  
March 4, 1999

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A and Exhibit B, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal years ended August 31, 1998 and August 31, 1999 for future allocation to Federal grants, contracts, and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to departments and agencies:

1. DIR-Information Technical Services
2. DIR-Training and Education
3. DIR-Statewide Telecommunication
4. Employees and Teachers Retirement
5. Employees Life, Accident, and Health Insurance
6. GSC-Central Supply Store
7. GSC-Business Machine Repair
8. GSC-State Telecommunications System
9. GSC-Capitol Complex Telecommunications
10. GSC-Construction Inspection and Project Management
11. GSC-Minor Construction
12. GSC-Print Shop
13. Office of Attorney General
14. Social Security
15. State Aircraft Pooling Board
16. State Auditor
17. State Library Micrographic Services
18. Treasurer
19. Unemployment Compensation
20. Workers' Compensation Claims

### SECTION III: GENERAL

A. LIMITATIONS: The rate(s) in this Agreement is subject to any statutory or administrative limitations and apply to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rate(s) is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing costs principles. (2) The same costs that have been treated as indirect costs are not claimed as direct costs. (3) Similar type of costs have been accorded consistent accounting treatment. (4) The information provided by the organization which was used to establish the rate(s) is not later found to be materially incomplete or inaccurate.

B. ACCOUNTING CHANGES: If a fixed or predetermined rate(s) is contained in this Agreement, it is based on the accounting system in effect at the time the agreement was negotiated. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of costs from indirect to direct. Failure to obtain such approval may result in costs disallowances.

C. FIXED RATES: If a fixed rate(s) is contained in this Agreement, it is based on an estimate of the costs for the period covered by the rate(s). When the actual costs for this period are determined, an adjustment will be made in a subsequent Agreement to compensate for the difference between the costs used to establish the fixed rate(s) and actual costs.

D. AUDIT: If a rate in this Agreement contains amounts from a cost allocation plan, future audit adjustments which affect this cost allocation plan will be compensated for during the rate approval process of a subsequent year.

E. USE BY OTHER FEDERAL AGENCIES: The rate(s) in this Agreement is approved in accordance with the authority in Office of Management and Budget Circular A-87, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The department/agency may provide copies of this Agreement to other Federal Agencies to give them early notification of the Agreement.

F. OTHER: If any Federal contract, grant or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this agreement, the department/agency should (1) credit such costs to the affected programs and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

#### F. SPECIAL REMARKS:

Equipment Definition -

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$1,000 or more per unit.

BY THE DEPARTMENT/ AGENCY:

State of Texas

\_\_\_\_\_  
(Department/Agency)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

BY THE COGNIZANT AGENCY ON BEHALF  
OF THE FEDERAL GOVERNMENT:  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

\_\_\_\_\_  
(Agency)

\_\_\_\_\_  
Signature

Merle M. Schmidt  
\_\_\_\_\_  
Name

Director, Division of Cost Allocation  
\_\_\_\_\_  
Title

March 19, 1999  
\_\_\_\_\_  
Date 0262

Terry Hill  
\_\_\_\_\_  
HHS Representative

214-767-3263  
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Telephone