STATE AND LOCAL DEPARTMENT/AGENCY INDIRECT COST NEGOTIATION AGREEMENT

June 29, 2010

INSTITUTION:
Pennsylvania Department of Agriculture
2301 North Cameron Street
Harrisburg, PA 17110-9408

FILING REFERENCE:
This replaces Negotiation Agreement
Dated: June 19, 2009

The indirect cost rate(s) contained herein are for use on grants, cooperative agreements and contracts with the Federal Government to which the following applies: 2 CFR Part 225 "Cost Principles for State, Local, and Indian Tribal Governments," (OMB Circular A-87 Revised 5/4/95, as further amended 5/10/04). They are subject to the limitations contained in the 2 CFR Part 225 (OMB Circular A-87) and in Section II-A below. The rates were negotiated with the U.S. Department of Agriculture, Animal and Plant Health Inspection Service, in accordance with the authority contained in Appendix A of the Circular. [1]

SECTION I RATES:

Rate Type	State Fiscal Year	Effective Dates	Rate(s)
Fixed	2011	July 1, 2010 to June 30, 2011	14.27%

SECTION II GENERAL:

A. LIMITATIONS: Use of the rate(s) contained in this agreement is subject to any statutory or administrative limitation applicable to a given grant or contract and the availability of funds. Acceptance of the rate(s) agreed to herein is predicated on the conditions: (1) that no costs other than those incurred by the State or locality were included in the Agency's indirect cost pool as finally accepted and that such costs are legal obligations of the State or locality and allowable under the 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 used as a basis for acceptance of the rates agreed herein is not subsequently found to be materially inaccurate.

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[1] **Direct Cost Base: The direct cost base equals total direct costs less any capital expenditures, pass-through fund, subcontracts, and other extraordinary or distorting items.**

Treatment of Fringe Benefits: Fringe benefits are identified with salaries and wages and are treated as direct or indirect costs, as appropriate.

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 the rate(s) require the prior approval of the authorized representative of the cognizant negotiation agency. 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. The cognizant negotiation agency must also be notified of any changes to the State or locality's organization structure which affect the amount of reimbursement resulting from the use of the rate(s).

C. FIXED RATES: If a fixed rate is contained in this agreement, it is based on an estimate of the costs which will be incurred during the period to which the rate applies. When the actual costs for such period have been determined, an adjustment will be made in a subsequent negotiation to compensate for the difference between the costs used to establish the fixed rate and actual costs. This approach is considered reasonable.

D. NOTIFICATION TO OTHER FEDERAL AGENCIES: Copies of this document may be provided to other Federal agencies as a means of notifying them of the agreement contained herein.

E. SPECIAL REMARKS: Federal programs currently reimbursing indirect costs to this Agency by means other than the rate(s) cited in this agreement should be credited for such costs and the applicable rate cited herein be applied to the appropriate base to identify the proper amount of the indirect costs applicable to the program.

By the Pennsylvania Department of Agriculture

Signature

Mr. Michael L. Pechart,
Deputy Secretary

July 1, 2010
Date

By the U.S. Department of Agriculture
on behalf of the Federal Government:

Donna J. Ford
Signature

Ms. Laura MacKenzie, Director
Financial Management Division

June 29, 2010
Date