Texas AgriLife Extension Service  
Indirect Cost Distribution Guideline – Effective 9/1/09

The following guidelines for indirect cost distribution, applies to contract and grant payments received after September 1, 2009.

The current negotiated indirect cost rate for Texas AgriLife Extension Service is 26%. This rate is defined as part of the TAMUS Facilities and Administrative (F&A) Rate Agreement which covers the time period of September 1, 2007 through August 31, 2011. Based on this agreement all contracts and grants are by default at the full 26% indirect cost rate. Any request for waiver of indirect costs (AG-111) must be submitted and approved by the Director or agency designee on a case by case basis.

Extension indirect costs will be distributed based on the following:

- Contracts and grants negotiated at the 26% indirect cost rate, the agency retains 60% and returns 40% of the indirect cost to the unit.

- In cases where a federal or state grantor cap the amount of indirect cost that may be charged on a particular award, the agency will not penalize the unit for the reduced allowable rate. The agency will split indirect cost, 60% agency and 40%.

- In cases where the unit requests a reduction in indirect cost to a rate less than 26% for reasons other than grantor restrictions, the unit will not receive any indirect cost until the agency has recorded what would have been received had the full 26% rate been charged.

- Contracts and Grants that have waived rates of less than 26% will be reviewed at the close of grant for compliance with the indirect cost policy. For accounts where a waiver of indirect was given at the time of the award, any residual funds will first be used to make administration whole for any indirect cost waived. Any remaining residual funds will be returned to the unit.

Indirect costs generated by contracts and grants are returned to the unit’s “program development fund” account. Unit heads may establish splits of indirect cost returned between unit and faculty/specialists at their discretion. All indirect cost funds returned to the unit should be redirected to Extension programs to further enhance Extension educational programming.