

INDIRECT COST POLICY

Indirect costs, also known as facilities and administrative costs, are the institutional or infrastructure costs of managing and running programs that cannot be directly attributed to a program or activity. These costs include items such as printing, equipment use, accounting, utilities, professional development, security, library services, information technology services, and administrative costs that are hard to calculate but are true costs for running programs. The indirect cost rate reimburses the university for that fraction of its indirect costs that the granting agency agrees to bear. Federal agencies require colleges and universities to use rates negotiated with a government entity. In the case of Pittsburgh Technical College, this institution's negotiation partner is the Department of Health and Human Services.

INDIRECT COST CALCULATION

In developing budgets for submission, applicants at Pittsburgh Technical College are to calculate project costs using the following rates.

Federal agencies (e.g., National Science Foundation)

PTC uses a Modified Total Direct Costs (MTDC) base, consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDCs exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participants support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. ICR charges should be calculated using the rate approved in the agreement, or, if not mentioned, the approved rate for that period. Note that the approved rates for 7/1/2020 to 12/31/2023 are:

- **23.32% rate** applied to all direct costs for requests in support of projects that take place *off campus*
- **36.74% rate** applied to all direct costs for requests in support of projects that take place *on campus*

Although indirect expenses are recognized as real costs, some federal funding agencies will not provide full reimbursement of indirect costs. Given this reality, applicants should strive to recover the maximum indirect costs allowable by the granting agency.

Non-federal agencies (e.g., private foundations)

- **10% rate** or the highest amount allowed for requests to agencies that *permit* indirect cost recovery

APPROVAL REQUIRED TO USE DIFFERENT RATE

All grants and contracts that will require PTC to absorb the indirect cost must be discussed with the Grants Manager and Executive Director of Institutional Advancement.

INDIRECT COST DISTRIBUTION

Indirect cost amounts generated by charges to research grants and contracts will be transferred from restricted funds as follows:

- 100% - Pittsburgh Technical College general budget

Funds deposited to the general budget will be used at the discretion of the Vice President of Administration/Chief Financial Officer.

For more information about this policy, please contact Julie Throckmorton, Grants Manager at Throckmorton.julie@ptcollege.edu or Connie VanCamp, Senior Director of Accounting at Vancamp.connie@ptcollege.edu.

INDIRECT COST RECOVERY (ICR)

The Senior Director of Accounting will record award-related direct costs in program cost centers and accumulate indirect costs in PTC's administrative cost center. At the end of each month, the Senior Director of Accounting uses PTC's negotiated indirect cost rate as applicable to calculate ICR charges. The Senior Director of Accounting then records the ICR charges in an expense account called ICR Charges. At the same time, the Senior Director of Accounting posts a credit of equal amount to the General & Administrative (G&A) cost center ICR Charges line. At the organizational level, the ICR Charges line will equal zero, this preventing double-counting of indirect expenses as it simply distributes PTC's indirect costs from the G&A cost center to the projects.