



Safe Children, Stable Families, Supportive Communities

PCSAO's Established Administrative Indirect Cost Rate Policy

Policy

It is the policy of PCSAO to provide an administrative indirect cost recovery of 10 percent of allowable direct costs per grant requirements on all grant-funded vendor agreements.

Application

This indirect cost policy applies to agreements with government entities, universities, foundations, and nonprofit organizations. This policy is effective January 1, 2024, and was most recently updated November 11, 2024.

Guidelines

The following are guidelines for vendors to identify direct costs and seek recovery of indirect costs for projects.

Vendor agreements should include a project budget that sums allowable direct costs (defined below), to which the 10 percent indirect cost rate would then be applied.

Definitions

Direct Costs

Direct costs are the portion of a budget intended to fund project activity costs, which include both the costs specific to an individual project and those shared organizational costs from which a project directly benefits. Both examples below are covered in direct costs.

- Direct costs (specific) – Specific costs are those costs that are specific to a grant-funded project, such as salaries for project staff and materials required for the project. These costs would not be incurred if the project being funded did not exist. For example, any personnel time that can be unambiguously identified as having been spent on the grant-funded project would be considered a specific cost.
- Direct costs (shared) – Shared costs are those costs that benefit multiple programs or projects and can be assigned or allocated across programs or projects in a reasonably consistent and accurate way. These costs are just as integral to the delivery of the grant-funded project as are the “specific” costs. Examples of such costs include occupancy and facilities, utilities, telephone/internet access, etc. An appropriate share of these costs should be allocated to the grant-funded project and specified by line item in the budget.

Indirect Cost Recovery

Indirect Cost Recovery is the portion of a grant intended to cover indirect costs.

- Indirect Costs – Indirect costs are costs for activities or services that support the organization as a whole rather than any particular program or project, including administrative costs. These are not direct costs associated with the delivery of program services; nonetheless, they are essential costs of maintaining and managing the organization through which program services are delivered. Examples of such costs include finance and accounting support, human resources, bank fees, and board meetings. In submitting a project budget, vendors will not be required to quantify these indirect costs. PCSAO's indirect cost rate of 10 percent is applied to Direct Costs to make up the total grant amount by totaling all direct costs and then multiplying by .0909 to establish the indirect cost amount.