



PCD FOUNDATION (PCDF) POLICY REGARDING GRANT AWARDS: INDIRECT COSTS

Definition

Indirect costs are general overhead and administration expenses that support the entire operations of a grantee and that may be shared across projects. Examples include facilities expenses, e.g. rent, utilities, equipment not specific to the grant in question, associated information systems, and support and administrative staff such as HR, general finance, accounting, IT, and legal. Expenses that would be incurred regardless of whether the grant is funded are often indicative of indirect costs.

Purpose

While these costs may not be directly attributable to a project, the PCD Foundation recognizes that they are real and necessary to operate as an organization. Indirect cost awards are provided in recognition of these real-world needs.

Expectation of Grantees

Our goal is to structure grants in a way that makes sense from a financial perspective while also funding partners for the cost of delivering results efficiently. As the PCDF is a nonprofit, mission-driven organization, our expectation is that grantee-partners will be equally invested in managing overhead costs to operate efficiently and effectively in service of this mission. However, there may be circumstances when our views of indirect costs may not align with those of our partners. In these instances, it is our expectation that grantees will engage in open and honest dialogue to resolve differences.

Policy

The PCD Foundation allows a maximum indirect cost rate of ten percent (10%) for grant related expenditures. Salary support for personnel is subject to zero percent (0%) FNA. A grantee or contractor with an actual indirect cost rate lower than the maximum rate provided above should not increase the funding request to the maximum allowed. The intent is to sufficiently fund actual costs, not to generate financial surpluses for grantees.

The indirect cost rate awarded in a grant budget may vary up to the maximum percentage depending on factors including, but not limited to, the type of project, level of administrative effort required, cost structure of the grantee, overall grant size, and extent of sub-awards or commodity purchases.

We reserve the right to request substantiation of any grantee's indirect cost rate.