

## Seattle College District Procedure

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**NUMBER: 670**

**TITLE: SCD Grants and Contracts**

### **Appendix E:**

### **Indirect Costs**

Indirect costs are costs incurred that cannot be easily identified with a specific project. These costs normally are within functional areas such as general and departmental administration, staff support, operations and maintenance, library and facility expenses, services provided by payroll, purchasing, accounting, business office and cashiers, human resources, facilities and utilities, etc.

**Rates:** Indirect cost rates that should be charged to a grant or contract vary according to the type of project as listed below:

Type of project	Rate
On campus program/services (services performed are on a College or SCD property)	20% of total expenditures
Off campus program/services (services performed are NOT on a College or SCD property)	15% of total expenditures
Federal Grants and Contracts, when negotiated rate is allowed for services performed on a College or SCD property.	40% of salaries and wages, not including taxes and benefits
Federal Grants and Contracts, when Federally negotiated rate is allowed for services NOT performed on a College or SCD property.	20% of salaries and wages, not including taxes and benefits
US Department of Education contracts	8% of total expenditures unless specified by contract.
Certain SBCTC grants/contracts (where indirect is allowed)	5% of Salaries and Wages
Program Cost Recoveries (International, Running Start)	7 % of Total Revenue
Other grants/contracts with <u>defined</u> allowable rates	Percentage will vary by contract

**These rates must be included in the budget that is built for a grant/contract!**

**a. Waivers:**

Indirect costs can only be waived or reduced by the Chancellor, or the College President. Waivers may come in the form of an email, memo, or letter. Appendix F. The waiver request should provide an explanation for why the rate is being waived or reduced. A waiver for is provided for use, Appendix F.

Absent a waiver from one of these individuals, indirect costs must be charged to all grants and contracts. Indirect charges are not assessed on Financial Aid Awards (funds 846,850,860) or Discretionary Accounts (fund 840)

**b. Distribution of Indirect Charges:**

The District Office and college operating budgets include the revenue collected from indirect charges. Indirect costs should not be viewed as profit for the District Office or the colleges. These charges are real and are covering actual expenditures incurred but not directly identified. Indirect costs that are collected are re-distributed as follows:

College Operating Budget	66.6%
District Office	33.4%