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TO: Chancellor, Provost, Senior Vice Chancellors, Vice Chancellors, Deans, Directors, Department Chairpersons, and Sponsored Project Directors

FROM: Thurman D. Wingrove DS TW

DATE: June 17, 2026

SUBJECT: Changes to Equipment Capitalization and Subaward MTDC Thresholds

As announced in the September 17, 2025 memorandum from Dwayne Pinkney regarding the University's FY26 federal indirect cost rates and pursuant to the 4/22/2024 revision to the Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200), the University will 1) increase the equipment capitalization threshold from $5,000 to $10,000 effective on July 1, 2026 and 2) increase the subaward MTDC threshold from $25,000 to $50,000 for new and competing awards issued on or after 7/1/2026, except for those from NIH per NOT-OD-26-072 which rescinded the increase to $50,000 and remains at $25,000.

Capital Equipment

For all awards in entity 05 sponsored project accounts issued before 7/1/2026, any individual items of machinery, equipment or furniture with an original cost between $5,000 and $9,999 that was previously budgeted in subcode 6100, should be charged to subcode 6029 (Equipment & Office Furniture $5,000-$9,999) after 7/1/2026. Subcode 6029 is restricted to entity 05 sponsored projects and will be exempt from indirect (F&A) cost charges.

For all non-sponsored accounts (entities 02, 03, 04, 06 and 09), the above purchases should be charged to the supplies expense category to any of the subcodes between 6020 and 6025 (Equipment & Furniture less than $10,000) beginning 7/1/2026.

For the upcoming fiscal year 2027 budget load for entities 02 and 03, a good faith effort should be made to budget capital expenditures using the new threshold. For example, under the new threshold most, if not all, personal computer purchases will likely be charged to non-capital subcodes, assuming the cost does not exceed $9,999.

The increase in the capitalization threshold will significantly decrease the volume of capital assets acquired and maintained by the University. This decrease in volume will reduce the amount of effort with departmental and central administration procedures associated with tagging, maintaining, and inventorying capital assets.

Subawards

Beginning in July 2026, the subcontracts subcodes in the professional services expense category will be renamed as follows: 6450-6452 "Subcontracts, Subject to F&A" and 6453-6455 "Subcontracts, Exempt from F&A".

I would like to thank you in advance for your cooperation during this transition period. If you have any questions or need additional information, please email me at twingrove@cfo.pitt.edu.