

General and Administrative Cost

The DCF recognizes that allowable general and administrative costs (G&A) are essential and legitimate costs of provider agencies. These indirect costs of the provider represent costs which are incurred for common or joint objectives in providing services. Such costs are distributed to all provider programs on an allocation basis; that is, a "fair share" of expenses is distributed to each service program. G&A costs may include and are grouped as follows:

1. Administrative salaries and wages plus applicable fringe benefits, auditing, legal fees, office supplies, postage, communications, dues, subscription, and miscellaneous items of costs.
2. Maintenance and house keeping salaries and wages plus fringe benefits, facility cost such as depreciation, rental of space, maintenance and repair, utilities, insurance
3. Direct care supervision is considered a direct cost
4. Administrative salaries and wages plus applicable fringe benefits may be grouped as G&A costs. The salary of an executive director or program director is an allowable personnel cost and may be grouped in the G&A administrative salaries and wages. The costs must be reasonable and must be allocated proportionally to all programs/services that the provider agency administers.

For example, an executive director's salary is \$80,000. The agency has a total operating budget of \$500,000. The DCF portion of the operating budget is \$100,000 (20%); the executive director spends an equal amount of his time in administering each program, therefore, DCF may be charged 20 % of his salary or \$16,000 as G&A.

At times, the Department in its RFP may restrict the amount of its fiscal participation in the providers' allowable G&A. In this instance, operational costs are usually reflected in the RFP with specific instructions regarding the allowable cost. This may be because of restrictions placed on state legislative appropriations or federal grant requirements. In addition, DCF may limit G&A participation in order to maximize funds for direct care service. Organization may choose to fund money to cover expenses in excess of the allowable DCF G&A limit.

For further details please consult the Contract Reimbursement Manual (CRM) web page at <http://www.nj.gov/dcf/contract/manuals/index.html> . The policy on the allow ability of G&A cost is covered in the CRM Section 4.2, page 2. Indirect costs is covered in the CRM Manual 4.3 page 2, and the treatment of G&A with respect to ANNEX B preparation is covered in Section 5.3, page 12 of the Manual.