



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 18-12-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 1
EFFECTIVE DATE: IMMEDIATE	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 96-16-OMB
SUBJECT: FEDERAL AND OTHER NON-STATE FUNDING AND CENTRAL SUPPORT INDIRECT AND ADMINISTRATIVE COSTS		
ATTENTION: DIRECTORS OF ADMINISTRATION AND CHIEF FISCAL OFFICERS		
FOR INFORMATION CONTACT: JEFF DECICCO		PHONE: 609-292-3022

It is State policy and the responsibility of each agency to maximize the recovery of indirect costs and administrative costs from all Federal programs including block grants and other non-State funded programs. Agencies must ensure that indirect costs are charged and recovered from block grant programs to the fullest extent allowable.

Department and agency program staff who seek, negotiate, or administer Federal and other non-State funded programs must include allowance for indirect costs as part of the total program budget.

In all cases where Federal and other non-State funded programs exist, agencies shall prepare indirect cost rate proposals or cost allocation plans by applying the concepts set forth in the Code of Federal Regulations, Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Office of Management and Budget will furnish departments with State central support service cost allocations. To these costs, the departments will add their own department indirect costs for the purpose of developing the rate. A copy of each agency's indirect cost rate proposal is to be forwarded to the Director, Office of Management and Budget, by May 1, immediately preceding the beginning of the fiscal year in which the rate will be applied. In addition, agencies that negotiate an indirect cost rate with a Federal cognizant agency shall forward a copy of the approved Federal negotiation agreement to the Director, Office of Management and Budget, within ten days of its receipt. Departments or agencies which fail to furnish this information may not be eligible to receive any return of excess indirect costs, if, and when a distribution is permitted.

Requests for waivers of indirect cost recoveries must be submitted for approval to the Director, Office of Management and Budget. A waiver request must provide justification for the exemption, the dollar amount of the exemption and the funding source.

Agencies are advised that indirect cost may not be used as State "in-kind" match where a program is financed partially from the State and partially from Federal and other non-State fund sources. Particular attention should be given to year-end closing procedures to assure the timely application of indirect cost revenue to the fiscal year anticipation.


David Ridolfino
Acting Director