

**DCF Definition of Administrative Costs  
for Child Welfare Lead Agencies (CBCs)  
January 24, 2012**

In 2008, DCF and a group of CBC CFOs met to create guidance to all CBCs on defining and reporting administrative costs. The Department of Children and Families (DCF) wants to update this work and provide more explicit instructions on what it considers administrative costs so that the reporting of these costs are more consistently applied and reported by CBC Lead Agencies. The following categories of functions and selected items of costs are identified as either administrative or direct functions. Also included are common costs incurred to support both administrative and direct costs where a generally accepted allocation methodology may be used to split costs between administrative and direct. Consistent with long standing contract requirements, any/all allocations must be described in the CBC Lead Agency cost allocation plan as approved by DCF.

This updated guidance is not required for implementation until the beginning of FY2012-13 when it will be required in each CBC Cost Allocation Plan and CBC Budget by Service Category and Functional Budget Template. **DCF will work with each CBC individually to identify areas they will need to address/update in their current cost allocation for July 1<sup>st</sup>.**

1. Functions considered administrative functions:
  - a. Executive Management (e.g. CEO, CFO, Executive Assistant)
  - b. Finance & Accounting
  - c. Budget
  - d. Human Resources (Personnel)
  - e. General Services (Facilities, Purchasing, et al)
  - f. Public Relations/Communications
  
2. Functions considered direct functions:
  - a. Dependency Case Managers/Supervisors
  - b. Placement Specialists
  - c. Foster/Adoptive Parent Recruitment & Licensing
  - d. Eligibility
  - e. Background Screening
  - f. Training for Case Managers/Foster/Adoptive Parents
  - g. Independent Living Life Skills
  - h. Client Transportation
  - i. Medical Case Review and Appointment Mgmt for clients
  - j. Court Liaisons
  
3. Functions considered either administrative or direct activities:
  - a. Chief Operating Officer (COO) or other comparable title
  - b. Contract Management
  - c. Legal
  - d. Quality Assurance

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4. Common costs associated with operating a program that support both administrative and direct functions. Where items of costs cannot be directly associated to an administrative or direct function, an allocation using a generally accepted accounting principles and federal cost principles for allocation of costs is allowed. If an item of cost can be directly associated to an administrative or direct function, then it must be so charged and not allocated.
  - a. Facility Costs (Rent, maintenance, janitorial, security)
  - b. Insurance (General Liability, Automobile, Unemployment Compensation, Worker's Compensation)
  - c. Employee Benefits (Health, Life, 401K)
  - d. Telephone (land line)
  - e. Internet/Cable/Telecommunications
  - f. Office Supplies
  - g. Office Equipment
  - h. Printing/Copying
  - i. Postage
  - j. Travel (depending upon purpose of travel)
  - k. Information Technology
    - i. Hardware
    - ii. Software
    - iii. Desktop Support
    - iv. Application Development
    - v. Network Management
  - l. Conferences
5. Costs that are always administrative costs:
  - a. Costs that support administrative (not direct) functions/positions
  - b. Accreditation (e.g. COA)
  - c. Organizational memberships, licenses, fees or taxes
  - d. A-133 Audits
  - e. Directors & Officers Insurance
  - f. Costs associated with Board of Directors
  - g. Any non-child welfare specific training
6. Costs of subcontractors, independent contractors or professional services

In determining whether subcontractors, independent contractors or other professional services contracts are administrative or direct costs, a review of the nature of the services provided are necessary. If the services provided are direct functions as listed above, then the subcontract costs are direct costs. If they are administrative functions, then they are administrative costs.
7. The formula for calculating administrative rate is total administrative costs YTD divided by total contract payments YTD.