

BUDGET LETTER

		NUMBER: 12-26
SUBJECT: 2013-14 GENERAL ADMINISTRATIVE COSTS AND 2013-14 STATEWIDE COST ALLOCATION PLAN		DATE ISSUED: September 24, 2012
REFERENCES: GOVERNMENT CODE SECTIONS 11270 – 11277, 13332.01 – 13332.03, 22883; STATE ADMINISTRATIVE MANUAL SECTIONS 8752 – 8758, CONTROL SECTION 8.54, BUDGET ACT OF 2012		SUPERSEDES: BL 11-31

TO: Department Directors
 Departmental Budget Officers
 Departmental Accounting Officers
 Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

<i>Deadlines and Deliverables</i>	
October 3, 2012	Departments submit certified General Administrative Costs (Pro Rata) assessment sheets and Statewide Cost Allocation Plan (SWCAP) apportionment sheets to their Department of Finance budget analysts.

I. General Administrative Costs

Pro Rata represents recoveries from special funds for statewide general administrative costs incurred by Central Service Agencies (CSAs), e.g., Department of Finance (Finance), State Controller’s Office (SCO), State Treasurer’s Office, and the Legislature.

These recoveries are required by Government Code (GC) sections 11270 to 11277 and 22883. The costs for each central service are apportioned to all state departments and then allocated to each department’s funding source(s). Funds that are classified as “billable” (e.g., funded by special revenue sources such as fees, licenses, penalties, assessments, etc.) reimburse the General Fund and the Central Service Cost Recovery Fund for Pro Rata costs via quarterly transfers made by the SCO.

The Fiscal Systems and Consulting Unit (FSCU) calculates the Pro Rata assessments against billable funds. The 2013-14 Pro Rata assessments, which are on green sheets, will be provided to Finance budget analysts on September 26. The Finance budget analysts will complete all required information and will forward the sheets to the departments for certification. A sample of the Pro Rata assessment sheet is provided in Attachment I. Departments must set aside the assessment amounts in the fund condition statements and workload budget for the specified fund(s). In addition, the assessment amounts must be reflected in the Supplementary Schedule of Operating Expenses and Equipment (DF 300) on a separate line using the Uniform Codes Manual (UCM) object code 330438. Finance budget analysts will work with departments to ensure that appropriate funding adjustments are made and verify that the DF 300 accurately reflects the Pro Rata assessments. The reports reflecting the apportioned costs for 2013-14 will be available by September 26 at: http://www.dof.ca.gov/FISA/PROSWCAP/prorata_detail_reports.htm.

Departments must sign the Pro Rata assessment sheet to certify that the assessment amounts have been included in the fund condition statement(s) for the specified fund(s), if applicable, and included in the proposed appropriation amount(s). Departments must then return the sheet to their Finance budget analysts no later than October 3, 2012.

II. Statewide Cost Allocation Plan

SWCAP represents recoveries from federal funds for statewide general administrative costs incurred by CSAs. These recoveries are required by GC sections 13332.01, 13332.02, and 22883. SWCAP includes only those central service costs which are allowable for federal reimbursement purposes. A new central service cost effective this plan year is the implementation of SCO's personnel and payroll system, MyCalPAYS (MCP). Designated MCP implementation costs are allowable for federal reimbursement through SWCAP.

The costs of each central service are apportioned to state departments. Unless prohibited by the federal government, each department that receives federal funds must recover their SWCAP costs and request the SCO to transfer the recoveries to the General Fund within 30 days after the end of each quarter. To transfer the SWCAP recoveries, departments must complete a Transaction Request (TR), form CA 504 and submit to the SCO for processing. On the TR, departments must identify the SWCAP amount to be transferred by quarter and fiscal year. The TR is submitted to the SCO and a copy is sent to Finance, FSCU and the department's Finance budget analyst, in accordance with State Administrative Manual (SAM) section 8755.2.

Pursuant to Control Section 8.54 of the 2012 Budget Act, if a department has not transferred federal funds to the General Fund on a timely basis, Finance has the authority to enforce recovery by reducing any state operations appropriation, not to exceed one percent. Departments are responsible for complying with federal and state requirements to ensure that SWCAP costs can be recovered from the federal government.

FSCU calculates the SWCAP apportionment and budgeted amounts. The 2013-14 SWCAP budgeted amounts, which are on pink sheets, will be provided to Finance budget analysts on September 26. The Finance budget analysts will complete and forward the sheets to the departments for certification. A sample of the SWCAP apportionment sheet is provided in Attachment II. Departments must include the budgeted SWCAP amount from this sheet in their workload budgets. In addition, departments must reflect the budgeted SWCAP amount on the DF 300 on a separate line using UCM object code 330439. Finance budget analysts will work with departments to ensure that appropriate funding adjustments are made and verify that the DF 300 accurately reflects the budgeted SWCAP amounts. The reports reflecting the apportioned costs for 2013-14 will be available by September 26 at: http://www.dof.ca.gov/FISA/PROSWCAP/swcap_detail_reports.htm.

Departments must sign the SWCAP apportionment sheet to certify that the budgeted SWCAP amount has been included in the budgeted federal receipts and that it is allowed under the specified federal programs. Departments must then return the sheet to their Finance budget analysts no later than October 3, 2012.

III. Indirect Cost Rate Proposals, Cost Allocation Plans, and Public Assistance Cost Allocation Plans

SAM section 8756.1 requires each department that receives federal funds to prepare an Indirect Cost Rate Proposal (ICRP), and/or Cost Allocation Plan (CAP) or Public Assistance

Cost Allocation Plan (PACAP), unless exempted by Finance, FSCU. An ICRP, CAP, or PACAP establishes the basis for recovering full costs associated with programs or activities.

ICRPs, CAPs, or PACAPs are typically due to the federal cognizant agency at least six months before the start of the fiscal year to which they apply. Departments must submit their ICRPs, and/or CAPs or PACAPs to Finance, FSCU for review and approval before sending to the federal cognizant agency for approval. At least three weeks should be allowed for FSCU's review. Generally, the federal agency from which a department receives the most funding is designated as the federal cognizant agency. ICRPs, CAPS, and PACAPs must be in compliance with the state's Full Cost Recovery policy, as defined in SAM section 8752.

IV. Full Cost Recovery

Departments must recover full costs whenever goods or services are provided for others. Full costs include department direct and indirect (overhead) costs and central service costs. Refer to SAM sections 8752 – 8758 for more information.

Additional information on Pro Rata, SWCAP, and ICRPs are available on our website at <http://www.dof.ca.gov/fisa/proswcap/proswcap.htm>. For Pro Rata assistance, you may contact Monica Medina at (916) 445-3434, extension 2145. For SWCAP assistance, you may contact Natalie Villanueva at (916) 445-3434, extension 2139. For ICRP assistance you may contact Hazel Miranda at (916) 445-3434, extension 2122 or e-mail any of the above contacts at fiproswp@dof.ca.gov.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachments