



State of Louisiana

Division of Administration
TANF Executive Office of Oversight and Evaluation

TANF Initiatives Clarification on Administrative and Allowable Costs

#TI01-01

As a general rule, administrative costs for TANF-funded services should be no more than 10 percent of an entity's total allocation. **Agencies who receive TANF funding shall ensure that any contractors adhere to these specifications.** Special permission to deviate from this standard must be substantiated in writing and approved by the Department of Social Services and the Division of Administration, TANF Executive Office of Oversight and Evaluation **prior** to the approval of any contract or other agreement. The examples below should help illustrate the types of cost allocations that would generally be considered to be administrative or non-administrative costs and identified costs that are would not be considered allowable even if otherwise related to service delivery.

The cost of salaries and related benefits should be calculated only for the percentage of time personnel works on TANF-funded activities. For example, a project director may be employed full time, but only 4 hours per week is allocated for TANF-funded activities. Only that portion of salary and benefits should be considered as an allowable cost, not the entire annual salary. Recipient agencies shall also ensure that any building costs related to program operation charge only the percentage of time that the facility is utilized for operations related to a TANF activity. For example, a program may receive funding from multiple sources, only the amount of time the building is used to provide TANF services should be considered a TANF expense. TANF shall not be used to subsidize building operations for other services.

The following are guidelines as to what is considered an administrative cost:

- ✓ General administration or coordination of program, including accounting and payroll functions;
- ✓ Salaries and indirect costs associated with performing administrative functions;
- ✓ Supplies, equipment, travel, postage, utilities and office space related to the administration of a program;
- ✓ Activities related to eligibility determinations;
- ✓ Preparation of program plan, budget and schedules; and
- ✓ Program monitoring and audits of service functions.

The following are guidelines as to what is considered a non-administrative cost:

- ✓ Direct cost of providing program services including client activities, assessment, case management, etc.;
- ✓ Salaries and indirect costs associates with performing services functions;
- ✓ Supplies, equipment, travel, postage, utilities and office space related to the performing of services functions;
- ✓ Evaluations of service functions
- ✓ Technology/management information systems (including data tracking for performance) not related to payroll, personnel or other administrative functions.

The following are not generally considered allowable costs under TANF, even if they are related to program operations:

- ✓ Purchase of vehicles;
- ✓ Renovation, construction or purchase (including payment of a mortgage) of a building used for program operation;
- ✓ Payment of bad debts, or interest payments as a result of credit agreements;
- ✓ Medical services;
- ✓ Payment of stipends to program participants without prior authorization from DOA/DSS;
- ✓ Payment of on-going basic needs (cash, food or housing) beyond four months;
- ✓ Services provided to elderly adults without minor children and single adults without children
- ✓ Payment of basic needs (housing, beds, etc.) for minors and adults in secure facilities;
- ✓ Payment of equipment costs that exceed or are disproportionate in relation to the cost of service delivery;
- ✓ Purchase of alcohol; and
- ✓ Services/materials determined to be inappropriate in their relation to program delivery.