

APPENDIX N

COST CATEGORIES FOR CDBG ACTIVITIES

GENERAL ADMINISTRATIVE COSTS

To support a CDBG program at the local level, jurisdictions have to perform supporting functions that are necessary and appropriate in implementing and administering a CDBG award. These costs are reimbursable under General Administrative (GA) costs. A costs may be allocated on a direct basis or an indirect basis.

- Costs that are always considered “administrative” include:
 - General management, oversight and coordination of the program including, but not limited to, providing information about the overall CDBG program, preparing budgets, reports and other documents. A jurisdiction’s required oversight and monitoring of subrecipients, consultants or contractors should also be charged to General Administrative costs.
 - Indirect costs, per OMB A-87 (F)(1) , are those costs incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the specific cost objected benefited.
 - As a general guideline, the GA cost allowed is 7.5 percent of the total award. An additional 2.5 percent may be used if the grantee has committed that in the form of local leverage for GA. However, leverage is no longer a scoring criteria, and no additional points will be awarded for local leverage.

ACTIVITY DELIVERY COSTS

Activity Delivery costs are **direct costs** incurred in carrying out a specific project or program. The amount of activity delivery costs charged to the State CDBG grant is limited to a percent of the total activity budget. Grantees are allowed to use a portion of the grant award to pay for the actual costs associated with the delivery of each proposed activity.

- Activity delivery includes costs associated with staff and overhead **directly** involved with carrying the **specific** activity.
- Activity delivery costs vary, depending on the activity category. As a general guideline, the cost of activity delivery has been a percentage of the amount awarded for the activity as follows:
 - Enterprise Fund: up to 15 percent
 - Housing Rehabilitation: up to 19 percent
 - Public facilities or public improvements: up to 8 percent
 - *(if complex labor standards are justified*): up to 12 percent*
 - * *Complex labor standards means multiple subcontractors and/or numerous trades.*
 - All other activities: up to 8 percent

- Costs that would be associated with “activity delivery” include:
 - Application processing and specific program/project marketing.
 - Direct costs of salaries and expenses for staff working directly on a specific program/project.
 - Environmental reviews.
 - Labor standards compliance.

Some costs can be charged either to a specific project (Activity Delivery/Activity), or to administrative (General Administrative) costs. Please refer to the Cost Categories Table below.

Activity Costs are directly related to the program/project and may include materials, labor, etc.

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OMB CIRCULARS

Information on how to allocate administrative costs can be found in the OMB Circulars A-21, A-87, A-110 and A-122, as appropriate. Copies of the Circulars are available at: [OMB Circulars](#)

Cost Categories Table			
<u>Costs</u>	<u>General Administration</u>	<u>Activity Delivery</u>	<u>Activity</u>
Advertisements		X	
Appropriate Fees		X	X
Attend Workshops (HCD)	X		
Bidders Conferences		X	
Construction			X
Engineering Draw/Design		X	
Environmental Studies	X	X	
Fiscal Reporting	X		
General Coordination	X		
Indirect Costs (<i>see Instructions</i>)	X		
Insurance Premiums	X	X	
Labor Standards		X	X
Land Surveying		X	
Loan Processing		X	
Meetings with Banks	X	X	
Meetings with Homeowners/Homebuyers		X	
Personnel Costs	X	X	
Predevelopment Costs	X		
Procurement	X	X	
Program Reporting to CDBG	X		
Project Inspections		X	
Relocation Costs		X	X
Work Write-ups		X	

Specifically, General Administration activities include:

- Planning activities (PTAs);
- Program Income loan underwriting and portfolio management;
- Citizen participation costs;
- Preparing program budgets, schedules and amendments;
- Evaluating program results against stated objectives;
- Coordinating the resolution of audit and monitoring findings and developing systems for assuring compliance with program requirements;
- Monitoring program activities for progress and compliance with program requirements;
- Preparing reports and other compliance documents related to the program for submission to the State or HUD;
- Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities;
- Monitoring of subrecipients and contractors (required annually) who carry out program activities or general administrative duties on behalf of the jurisdiction;
- Fair housing activities;
- Indirect costs charged using an accepted cost allocation plan;
- Cost for applications for federal assistance programs;
- Staff and overhead costs for project delivery; and,
- Certain costs of administering the HOME program or a federally-designated Empowerment Zone or Enterprise Community.

*General Administration **does not** include:*

- Political activities; or,
- The acquisition, construction, or reconstruction of space in a government office building for staff administering the grant recipient's CDBG or HOME programs, since CDBG funds may not be used to assist "buildings for the general conduct of government."

Note: *Costs that are appropriately charged to this category are presumed to meet a CDBG national objective, and the grant recipient does not have to maintain any other documentation for this purpose.*