



Illinois Department of Commerce & Economic Opportunity

Administrative Costs vs. Programmatic Costs

Summary

The Department of Commerce & Economic Opportunity grant programs may allow administrative expenses for administration of the grant program. This document provides a description about the differences between administrative costs and programmatic costs.

Administrative Costs

Administrative costs are those expenses incurred by grant recipients or sub-recipients in support of the day-to-day operations of their organization. These overhead costs are the expenses that are not directly tied to a specific program purpose.

General Guidelines

- These expenses are not related to the direct provision of program activities.
- Administrative cost can be for Personnel, Non-Personnel, Direct or Indirect.
- The costs are usually for general operating expenses incurred by the organization.
- Budgets and financial reporting need to distinguish separately the cost between administrative and programmatic costs.
- Administrative costs have limitations and include a cap/limit on the amount of costs that can be claimed against a grant.
 1. This is done for most of the funds to be used for program purposes which benefit the program's targeted population.
 2. The cap of administrative costs is determined by federal guidelines, for federal funded grants, or by programmatic rules for state funded grants.
- Typically, indirect costs are considered administrative costs and therefore must be included when determining if the administrative cap has been met.

Programmatic Costs

Programmatic Costs are costs that are tied directly to the delivery of a particular project, service, or activity undertaken by a Grantee to achieve an outcome intended by the funding program.

General Guidelines

- These expenses are directly related the provision of program activities.
- Acceptable program costs are determined by the State/Federal funding program offered.
- All program type costs would be approved during the budget certification process.
- Personnel and related non-personnel of staff who perform a portion of both administrative and programmatic services should have their time allocated between the two different cost types.

- All allocation of time would need to be kept through time reports to show how much time was worked on each program and/or administrative duty.
- Time reports need to be accurate and saved for review by monitoring staff or audit staff.
- If a grant only allows for program costs, then the Grantee will be denied/disallowed the reimbursement of administrative costs on the same grant.