



Virginia Growth and Opportunity Fund (GO Virginia) Support Organization Grant Administration Allowance Administrative Guidelines

Section I: GO Virginia Program Intent and Allowance for Administrative Costs

Virginia State Code establishes the Virginia Growth and Opportunity Fund, and allows no more than 8% of any funded project to be used for administrative purposes by the Regional Council (referenced in State Code § 2.2-2487.B3). The administrative purposes of each funded project shall be defined as the work the support organization is doing on behalf of their regional council and subgrantee pertaining to grant management, remittance processing, or performance tracking on any approved GO Virginia-funded projects.

The purpose of this guidance is to provide clarity on the process for determining and applying support organization administrative costs to projects approved by the regional councils. This administrative guidance only addresses the administrative costs to the support organization and is **NOT** intended to provide formal guidance on administration costs incurred by the subgrantee (project recipient). Also, this administrative guidance does not apply to the Capacity Building grant that is annually allocated by the GO Virginia State Board to each regional council for general administration of the GO Virginia Program.

Section II: Definition of Administrative Allowance

As project proposals are being developed, the support organization will need to work with the applicants early and often as they are formulating the project budgets. Support organizations will need to estimate, to the best of their ability, the actual staff time (i.e. salaries, benefits, indirect) they anticipate will be incurred to administer the project on behalf of the regional council and provide grant management support to the subgrantee. This can include technical assistance the support organization provides for processing remittances, quarterly reporting, budget revisions, and other direct activities related to managing each project grant. This does **NOT** include pre-award and project closeout activities, as administrative allowances are only eligible for costs incurred within the project grant period (i.e. project start and end date referenced in the contract). A disclosure statement should be provided to the applicant, outlining the support organization administrative fee to be included in the project budget and in addition to the grant amount being requested by the applicant.

While each support organization may request up to 8% for administrative costs to cover staff time spent on administering and managing the grant, it must be negotiated on a project by project basis based on



estimates provided by the support organization. More complex projects, such as those focused on workforce development and/or where many partners are involved, may require using the entire 8% administrative allowance. However, less complicated projects, such as those where a third-party consultant is doing the majority of the work and will only require the processing of a few invoices by the support organization, may require significantly less than 8% of the administrative allowance.

The applicant will be responsible for committing/securing the required match for the total grant request, i.e. the amount the applicant is requesting **plus** the administrative costs needed by the support organization to administer the grant.

As an example, if an applicant is developing a proposal for a \$500,000 request for a project requiring 1:1 match, the support organization will estimate the staff compensation (i.e. salaries and fringe) they expect to allocate to properly administer the grant. The support organization estimates they will need \$25,000 or 5% to manage the grant project. Thus, the support organization should advise the applicant that they will need to include an additional \$25,000 to their base request (or \$525,000) when developing the grant budget. In turn, the applicant will be responsible for providing (or securing through partnering organizations) the required match based on the total request of \$525,000 – not just the base amount, as required by the State Code.

The support organization's costs associated with grant administration should **NOT** include any flat fees/rates. Rather, these costs should be based on actual time incurred by the support organization staff actively providing post-award grant management services or other related costs, i.e. travel, indirect, etc. Staff time should be tracked by either payroll reports, timesheets, or through [DHCD's staff time reimbursement and in-kind template](#), similar to how the support organizations are reimbursed for their Capacity Building grants. Like all other grants administered through the GO Virginia Program, and in accordance to the project contracts, these administrative costs are remitted on a reimbursement basis.

Section III: Approval and Administrative Process

As part of the regional application review/approval process, the regional council should take action on the final budget, including the negotiated administrative cost allowance and the required match.

Once the application budget has been agreed upon by the applicant and the support organization, and approved by the regional council or the appropriate subcommittee on behalf of the regional council, the budget will be submitted into DHCD's Centralized Application and Management System (CAMS). As shown below, there are two budget categories in CAMS – Administration and Program Operations. The Administration budget category should **ONLY** include the negotiated and approved allowance for the support organization's administrative costs. All other line items related to the subgrantee carrying out the grant activities, including project related administrative activities, should be included in the Program Operations budget category.



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| Cost/Activity Category | DHCD Request | Other Funding | Total |
|-----------------------------|---------------|---------------|---------------|
| + Administration (8% limit) | \$0.00 | \$0.00 | \$0.00 |
| + Program Operations | \$0.00 | \$0.00 | \$0.00 |
| TOTAL | \$0.00 | \$0.00 | \$0.00 |

Any costs under-runs associated with the pre-negotiated administrative costs of the support organization that result in a remaining balance will be returned to the regional council's Per Capita allocation upon completion of the fiscal closeout report. In the event the support organization has over budgeted the pre-negotiated administrative costs, the Grantee and Subgrantee will have the ability to request a budget revision in CAMS to reallocate available grant funds from the Administration to the Program Operations budget category, as referenced above in Section III. In this situation, the Subgrantee would need to make the justification these additional funds will be deployed on program activities directly related to the project scope of work.

This administrative guidance is effective **January 28, 2021**. Projects approved by the GO Virginia State Board, or administratively by DHCD staff, prior to this effective date will be grandfathered in with any previous guidance provided in writing or verbally by DHCD. All projects approved after this effective date will be subjected to the guidance described above.

ISSUED DATE: January 28, 2021

* Please note that this is a working document and may be updated periodically.