

## Understanding ESIT Administrative Costs

**Washington Administrative Code Definition: "Administrative indirect"** means indirect costs such as general management compensation, joint facility costs, contract administration, fiscal services, and general office supplies that are not allocated to direct services for infants, toddlers and their families.

- a) **Contract Language: Indirect Costs** are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Such indirect expenses could include administrative, facilities, general office supplies, or other costs.
- b) After direct costs have been determined and assigned to the ESIT Contract, indirect costs are those remaining to be allocated benefiting early intervention services. Typical examples of indirect cost for many organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, general administration, and general expenses (i.e., salaries and expenses of executive officers, personnel administration, and accounting).
- c) The purpose of assigning indirect costs is to “facilitate equitable distribution of indirect expenses to the cost objective service (i.e., early intervention services contract), when there are other departments within an agency also receiving benefits”.

### Determining Indirect Administrative Costs: Examples for Provider Agencies:

Direct Administrative Costs	Indirect Administrative Costs
<ul style="list-style-type: none"> <li>• Mileage reimbursement for home visits</li> <li>• % of administrator time directly focused on EI activities</li> <li>• Program supplies (materials for the provision of services)</li> <li>• Facilities – service provider space for playgroups (if it is not shared with any other program)</li> <li>• Direct service providers completing documentation for billing</li> <li>• Part C required transition activities</li> <li>• Staff time to complete billing for multiple programs that can be tracked by program</li> </ul>	<ul style="list-style-type: none"> <li>• Office supplies shared by multiple programs/cost centers</li> <li>• % of program directors’ time spent on agency-wide administrative functions such as board meetings, finance, etc.</li> <li>• Facilities – shared spaces such as conference rooms</li> <li>• Staff time for personnel responsible for billing for multiple programs that cannot be tracked by program</li> </ul>
<p>Determining if staff time is a direct or indirect/admin cost: If staff are able to track the % of their time designated to ESIT (Part C) allowable activities this is an allowable direct administrative cost.</p>	