

Virginia Opioid Abatement Authority

Revision to Distribution to Individual Cities and Counties

Revision 1 – Effective February 1, 2023

Purpose of Revision

The purpose of this revision is to update the definition of Direct Costs and Indirect Costs to further define allowable direct administrative costs.

Document(s) Updated

1. Glossary of Terms

Update to Item 4 – Direct Costs and Item 11 – Indirect Costs. Modifications are in *italics*.

4. Direct Costs

- a. A direct cost is any cost that can be specifically identified with the proposed project that can be directly attributed to the project and/or the project's measurable activities.
- b. Direct costs include but are not limited to salaries, travel, equipment and supplies directly connected to the project.
- c. An example of direct costs would be paying an employee to manage an Opioid Use Disorder Treatment Program.
- d. In accordance with Code of Virginia [§2.2-2370 \(A\) \(4\)](#), recipient may NOT use funds provided under this award to cover indirect costs
 - i. An example of indirect costs would be allocating a percentage of time of *an existing (fully funded)* procurement officer to issue a request for proposals (RFP) for this project.
 - ~~ii. Loosely defined administrative costs are considered indirect costs and therefore not allowed including costs for something that is funded and already exists is considered indirect costs and supplanting, both of which are not allowed.~~
- e. *Administrative costs that are new to the recipient for the purposes of government oversight and management of an abatement program to include managing and monitoring of expenses, collecting data, and making reports are considered allowable direct costs.*
 - i. *New costs are defined as hiring an employee or contractor or increasing the hours of an employee or contractor to meet the oversight and management needs.*
 - ii. *Utilizing abatement funds for a current employee's costs is considered supplanting and not allowed per Code of Virginia [§2.2-2370](#).*
- f. **Indirect Costs**
 - a. An indirect cost is any cost not directly identified with a single, final cost objective or a specific project or organizational activity.
 - b. Indirect costs often involve a cost allocation that is an arbitrary amount or percentage.

- c. Pre-award costs are those incurred prior to the effective date of this award and are considered indirect costs.
- d. Only costs that are directly related to providing the services described in the awarded proposal are allowed.
- e. ~~Loosely defined administrative costs are considered indirect costs and therefore not allowed. Including costs for something that is funded and already exists is considered indirect costs and supplanting, both of which are not allowed.~~
- f. Indirect costs and subrecipients:
 - i. Indirect costs are not allowable for the direct recipient of OAA funds per Code of Virginia §2.2-2370 (A) (4).
 - ii. If a recipient contracts with a subrecipient for services using OAA funds, all of the costs of that contract will be considered direct.
 - iii. ~~Cities and counties may not recover indirect costs from OAA funds for the purposes of administering this contractual relationship~~

2. Terms and Conditions

Update to Items 2.c – Use of Funds. Modifications are in *italics*.

2. Use of Funds

- c. Direct Costs
 - i. A direct cost is any cost that can be specifically identified with the proposed project that can be directly attributed to the project and/or the project's measurable activities.
 - ii. Direct costs include but are not limited to salaries, travel, equipment and supplies directly connected to the project.
 - 1. An example of direct costs would be paying an employee to manage an Opioid Use Disorder Treatment Program.
 - iii. In accordance with Code of Virginia §2.2-2370 (A) (4), recipient may NOT use funds provided under this award to cover indirect costs
 - 1. An example of indirect costs would be allocating a percentage of a time of *an existing (fully funded)* procurement officer to issue a request for proposals (RFP) for this project.
 - 2. ~~Loosely defined administrative costs are considered indirect costs and therefore not allowed. Including costs for something that is funded and already exists is considered indirect costs and supplanting, both of which are not allowed.~~
 - iv. *Administrative costs that are new to the recipient for the purposes of government oversight and management of an abatement program to include managing and monitoring of expenses, collecting data, and making reports are considered allowable direct costs.*

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Individual Cities and Counties**

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