GENERAL ADMINISTRATIVE COSTS (PRO RATA) 8754

(Revised 09/09)

General Administrative Costs will be referred to as Pro Rata. As mentioned in SAM Section 8753, Pro Rata is the sharing of central service costs by funds other than the General Fund and the Central Service Cost Recovery Fund.

The cost of each central service is apportioned to departments. Then, each department's total central service costs are allocated to the department's funding source(s).

The Department of Finance (Finance), Fiscal Systems and Consulting Unit (FSCU) classifies funds as nonbillable or billable. In general, nonbillable funds are those whose funding source is the General Fund or a federal fund. Billable funds are funded by special revenue sources such as fees, licenses, penalties, assessments, etc.

FSCU calculates Pro Rata costs for both billable and nonbillable funds. The total Pro Rata cost information is supplied to departments so that full departmental/program costs can be determined. The reports are available at website: http://www.dof.ca.gov/accounting/fscu/pro_rata-swcap/. Full cost information is particularly important when nonbillable funding sources provide and recover full costs for reimbursable services. See SAM Section 8756 for more information on the State's full cost recovery process.

Each year, Finance certifies Pro Rata costs to be charged to billable funds. The certification is sent to the State Controller's Office (SCO). The SCO notifies each department of the impending Pro Rata assessments for each of its billable fund(s). Departments have thirty days from the SCO notification date to request deferral of Pro Rata charges. Departments will send all deferral requests to the SCO. The SCO will transmit one copy of the department's deferral request to the Finance FSCU, and will defer any transfer of Pro Rata charges until a decision has been made on the deferral request.

Pro Rata assessments against billable funds are paid by SCO transfers. The SCO transfers one-fourth of each assessment on August 15, November 15, February 15, and May 15 of each fiscal year. The transfers are first made to the Central Service Cost Recovery Fund up to the amount determined by Finance FSCU. All subsequent transfers for that fiscal year are made to the General Fund.

Any questions concerning Pro Rata, contact the Finance FSCU Pro Rata analyst.