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EDMUND G. BROWN JR.  
Governor

**OFFICE OF AIDS  
HIV Care Program**

**Management Memorandum  
Memorandum Number 15-05**

April 14, 2015

TO: HIV CARE PROGRAM (HCP) AND MINORITY AIDS INITIATIVE (MAI)  
CONTRACTORS

SUBJECT: REQUIREMENT FOR 10 PERCENT ADMINISTRATIVE CAP

**I. Purpose**

The purpose of this Management Memo is to inform HCP and MAI contractors of the compliance requirement regarding allowable administrative costs.

**II. Background**

Previous guidance from the California Department of Public Health (CDPH), Office of AIDS (OA) to HCP and MAI contractors was that the sum of contractor and service provider(s) administrative costs cannot exceed **10 percent** of the total annual allocation to the contractor. However, the guidance also included a provision to allow this cap be exceeded with justification and approval from OA.

**III. Policy**

Effective April 1, 2015, administrative costs in HCP and MAI contract budgets cannot exceed 10 percent of the total annual contract amount based on Title XXVI of the Public Health Service Act. Health Resources and Services Administration (HRSA) released Policy Clarification Notice #15-01 (<https://HRSA-10-admin-cap>) which revises and clarifies guidelines for the treatment of costs under the statutory 10 percent administrative cap.

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As a result, OA's 2015 HCP and MAI Budget Instructions have been revised to allow this increased flexibility for contractor budgets, while remaining within the boundaries of the statute.

Pursuant to California Health and Safety Code Section 38077(b)(2), CDPH/OA contractors shall implement the above referenced modifications to the HIV Care Program Scope of Work.

If you have questions, please contact your Care Operations Advisor. For Advisor assignments, refer to the OA website at: [CareAdvisors.pdf](#)

Sincerely,

A handwritten signature in blue ink, appearing to read "Ayanna Kiburi". The signature is fluid and cursive.

Ayanna Kiburi, MPH  
Chief, HIV Care Branch  
Office of AIDS  
California Department of Public Health