



Cost Allocation Plans

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Definitions

- Direct Allocation Method – all costs treated as direct costs except general administration and general expenses.

General Approach

- All allowable direct costs should be charged directly to programs, grants, activity, etc.
- Allowable direct costs that can be identified to more than one program should be prorated individually as direct costs using a base most appropriate to the particular cost being prorated (personnel, expenses, etc.)

General Approach

- All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) should be allocated to programs, grants, etc. using a base that results in an equitable distribution.

Allocation of Costs

- Personnel Services
- Fringe Benefits
- Travel Costs
- Contractual and Professional Services
- Office Supplies
- Facility Expenses
- Insurance
- Telephone/telecommunications
- Training/Conferences/Seminars
- Other costs

A few words about Indirect Cost Rates

- No Indirect Cost Rate
 - This applies even if a federally approved rate (with USDOE) has been obtained.

Personal Services

- Daily timesheets should reflect actual activity
- Time sheet at the end of the pay period should represent a reasonable estimate of actual work
- Administrative personnel costs should be allocated to programs based on the ratio of total program hours charged to each program by program personnel

Example

- Administrative Expense Amount = \$10,000
- Costs that benefit **all** programs are allocated based on a ratio of each program's personnel costs (salaries & applicable benefits) to total program personnel costs

Grant	Personnel Costs	%	Admin. Allocated
A	\$20,000	13%	\$1,300
B	\$10,000	7%	\$700
C	\$30,000	20%	\$2,000
D	\$40,000	27%	\$2,700
E	\$50,000	33%	\$3,300
Total	\$150,000	100%	\$10,000

Fringe Benefits

- All fringe benefits are allocated in the same manner (percentage) as salaries

Programmatic Travel Costs

- Charged directly to the program that benefits from the travel
 - Examples:
 - Travel related to training activities
 - Travel related to provision of service
 - or
- Allocated among programs according to the percentage of time that the staff person worked on each grant during the pay period

Administrative Travel

- Administrative travel that benefits all programs should be allocated based on the ratio of each program's salaries to the total program salaries
- Administrative travel that benefits only some programs should be allocated to those programs based on the ratio of each program's salaries to the total of those program's salaries

Example

- Administrative Expense Amount = \$5,000
- Administrative Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total personnel costs of the selected programs

Grant	Personnel Costs	%	Admin. Allocated
A	\$20,000	13%	\$1,000
C	\$30,000	20%	\$1,500
E	\$50,000	33%	\$2,500
Total	\$100,000	100 %	\$5,000

Contractual and Professional Services

- Services that benefit particular programs should be charged to that program
- Services that benefit all programs should be allocated based on a ratio of each program's expenses to total program expenses
- Services that benefit only a few programs should be allocated based on the ratio of direct expenses to the total of the selected program direct expenses

Example

- Expense Amount = \$8,000
- Costs that benefit **all** programs will be allocated based on a ratio of each program's direct expenses to total program expenses before administrative allocations

Grant	Program Expenses	%	Admin. Allocated
A	\$120,000	18%	\$1,440
B	\$110,000	17%	\$1,360
C	\$130,000	20%	\$1,600
D	\$140,000	22%	\$1,760
E	\$150,000	23%	\$1,840
Total	\$650,000	100%	\$8,000

Example

- Expense Amount = \$4,000
- Costs that benefit two or more specific programs are allocated to those programs based on the ratio of each program's direct expenses to the total expenses of the selected programs

Grant	Program Expenses	%	Admin. Allocated
A	\$120,000	30%	\$1,200
C	\$130,000	33%	\$1,320
E	\$150,000	37%	\$1,480
Total	\$400,000	100 %	\$4,000

Office Supplies

- Supplies for a specific program should be charged to that program
- Postage should be charged directly to programs to the extent possible
- Costs that benefit all programs should be allocated based on a ratio of each program's expenses to total program expenses
- Costs that benefit only a few programs should be allocated based on the ratio of direct expenses to the total of the selected program direct expenses

Facility Expenses

- Method One
 - Allocated to each program based on a percentage of the total program salaries charged to each program by program personnel

Facility Expenses

■ Method Two

- Allocated based on the square footage used in each program.
 - Calculate the ratio of total square footage used by all personnel to total usable square footage
 - Costs related to general and administrative activities are allocated to programs based on the ratio of program square footage to total program square footage

Example

- Facilities Expense Amount = \$10,000
- Facilities costs are allocated based on square footage.
 - Square footage for each program and general and administrative activity is considered in the analysis.
 - General and administrative facilities costs are further allocated to each program based on the square footage of each grant program to the total square footage of all grant programs.

Example

Grant	Square Footage	%	Amount Allocated	G&A Allocated	Total Amount Allocated
A	300	30%	\$3,000	\$340	\$3,340
B	100	10%	\$1,000	\$110	\$1,110
C	200	20%	\$2,000	\$220	\$2,220
D	200	20%	\$2,000	\$220	\$2,220
E	100	10%	\$1,000	\$110	\$1,110
G&A	100	10%	\$1,000	\$110	\$1,110
Total	1,000	100%	\$10,000	\$1,000	\$10,000

Insurance

- If needed for a particular program, it should be charged to that program
- Coverage that benefits all programs should be allocated based on the ratio of each program's expenses to total program expenses

Telephone/Communications

- Local and long-distance should be charged to programs if readily identifiable
- Costs that benefit all programs should be allocated based on a ratio of each program's expenses to total program expenses
- Costs that benefit only a few programs should be allocated based on the ratio of direct expenses to the total of the selected program direct expenses

Programmatic Training/Conferences/Seminars

- Seminars that serve one program should be charged to one program
- Training can be allocated among programs according to the percentage of time that the staff member worked on each grant during the four pay periods prior to the time of the training

Administrative Training/Conferences/Seminars

- Administrative training that benefits all programs should be allocated to each program based on the ratio of each program's personnel expenses to the total program personnel expenses
- Administrative training that benefits only certain programs should be allocated to each program based on the ratio of each program's personnel costs to the total personnel costs of the selected programs

Other Costs

- Other joint costs should be allocated on a basis that is appropriate to the particular cost

Budget Development

- Budget Narrative

- Provides an Explanation of all Allocated Costs
 - Percentage of Staff Time
 - All other Direct Costs
 - Administrative Costs

- Budget Spreadsheet

- Dollar Amount Costs for Each Line Item within each Budget Category
 - Reflects all Allowable Direct Costs
 - Reflects all Appropriate Administrative Costs

Budget Narrative Instructions

- **The Sample Budget Narrative with instructions may be used as a guide to assist in the preparation of the budget.**
- **Some or all of these budget categories may apply to the proposed budget.**

Budget Narrative Instructions

- **A. Personnel** - List each position by title and name of employee, if available
- **B. Fringe Benefits** – Fringe benefits should be based on actual known costs or an established formula

Budget Narrative Instructions

■ Expenses

- **Travel** – Itemized travel expenses of project personnel by purpose (e.g., staff to training, field visits, group meetings, etc.) Show the basis of computation (e.g., six people to 3-day training at \$X airfare, \$X lodging, \$X subsistence). In training projects, travel and meals for trainees should be listed separately.

Budget Narrative Instructions

■ Expenses

- **Supplies** – List items by type (office supplies, postage, training materials, copying paper, and other expendable items such as books, etc.) and show the basis for computation...

Budget Narrative Instructions

■ Expenses

- **Equipment** – List non-expendable items that are to be purchased. (Note: Organization's own capitalization policy for classification of equipment should be used.).

Budget Narrative Instructions

- **Other -**

- **Contractual Services and/or Inter-Agency Agreements** – provide the agency name and description of the service's to be rendered...
- **Capital Outlay** – Provide the types of items/equipment to be purchased with project funds...

Sample Budget Narrative

■ Expenses

Travel

Washington Training

5 days Hotel & Meals @ \$200.00/day X 6 =
\$7,000.00

Airfare Florida to DC @ \$500.00 each X 6 =
3,000.00

Travel for Technical Assistance within state

12 trips @ \$500.00 each = 6,000.00

Total Travel \$16,000.00

Sample Budget Narrative

■ Equipment

Purchase 1 full service combination copier/fax machine @ \$ 900.00 **\$900.00**

■ Supplies

Training materials and training related supplies **\$6,478.00**

Sample Budget Narrative

■ Other

■ Contractual

Each participating area office (5) will receive an allocation of \$73,000.00 for one full time staff person (salaries and benefits).

\$7,300 for administrative costs and \$2,500.00 for training materials, regional travel and supplies.

414,000.00

■ **Pilot Proposal Total** **\$ 494,315.00**

Budget Spreadsheet (Line Item Budget)

- Separate Entries for each Line Item by Fund Source
 - All Direct Costs
- Total Direct Costs
- Total Budget

Budget Spreadsheet - Example

STATE OF FLORIDA, DEPARTMENT OF EDUCATION
 DIVISION OF VOCATIONAL REHABILITATION
 ATTACHMENT F: RECIPIENT AGREEMENT LINE ITEM BUDGET

A. Personnel	FTE	Total Recipient Agreement	SSA	Title VII Part B	General Revenue
Executive Director	50%	27,000.00	17,346.29	2,767.33	6,886.38
Service Coordinator	50%	12,480.00	8,017.84	1,279.12	3,183.04
Information Specialist	100%	9,750.00	6,263.94	999.31	2,486.75
Director of Finance	19%	6,840.00	4,394.39	701.06	1,744.55
Project Trainer	75%	16,623.75	10,680.02	1,703.83	4,239.90
Program Director	25%	11,800.00	7,580.97	1,209.43	3,009.60
Office Manager	24%	6,644.35	4,268.70	681.00	1,694.65
		-	-	-	-
Total Personnel		91,138.10	\$ 58,552.15	\$ 9,341.08	\$23,244.87

Budget Spreadsheet - Example

B. Fringe Benefits	Total Recipient Agreement	SSA	Title VII Part B	General Revenue
Worker's Compensation	1,531.12	983.68	156.93	390.51
Social Security/Medicare	6,972.06	4,479.24	714.59	1,778.23
Insurance-Employee	10,208.65	5,940.73	1,671.29	2,596.63
Unemployment Tax	1,995.92	1,282.29	204.57	509.06
Total Fringe Benefits	20,707.75	12,685.94	2,747.38	5,274.43

C. Expenses	Total Recipient Agreement	SSA	Title VII Part B	General Revenue
Travel	1,962.62	896.66	690.90	375.06
Supplies	3,244.87	1,857.73	676.14	711.00
Phone	1,985.79	1,074.46	503.32	408.01
Copying	1,479.93	741.99	518.37	219.57
Rent	3,416.00	2,258.87	560.37	596.76
Equipment Under \$1000	2,815.99	1,458.30	844.57	513.12
		-	-	-
Total Expenses	14,905.20	8,288.01	3,793.67	2,823.52

Budget Spreadsheet - Example

D. Other	Total Recipient Agreement	SSA	Title VII Part B	General Revenue
Equipment Over \$1000 (Capitalized)				
Accounting Fees	1,883.02	974.00	503.25	405.77
Legal, Memberships, Other	907.58	415.20	348.15	144.23
Total Other	2,790.60	1,389.20	851.40	550.00

E. Administrative Cost	Total Recipient Agreement	SSA	Title VII Part B	General Revenue
	2,710.35	1,312.70	757.47	640.18
Total Indirect Cost	2,710.35	1,312.70	757.47	640.18

	Total Recipient Agreement	SSA	Title VII Part B	General Revenue
TOTAL RECIPIENT AGREEMENT BUDGET	\$ 129,541.00	\$ 80,915.53	\$ 16,733.53	\$31,892.82

Budget Narrative

- Description of how Funds, within each Line Item, will be Utilized
 - Describes all allocable expenses/costs listed on the budget spreadsheet
 - *Allocation of administrative costs, per line item, are also described*
 - Outlines staffing pattern and percentages of staff time dedicated to the grant/project
 - Includes total dollar amount for each budget line item
 - Descriptions used in submission of invoices

Line Item Changes

- Category & Line Budget Changes
 - Budget Categories can not be Changed
 - Additional Budget Lines can be added as appropriate for the Organization
 - Allocations, within Categories, can be Changed with Contract Manager Approval

Resources

- OMB Circular A-122
- RSA's Independent Living Center Model Cost Allocation Plan

All resources are available at:

www.rehabworks.org/IL