

PRINCE GEORGE'S COUNTY LOCAL WORKFORCE DEVELOPMENT BOARD

1801 McCormick Drive, Suite 400

Largo, Maryland 20774

COST ALLOCATION PLAN:

CLASSIFICATION AND METHODOLOGY

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COST ALLOCATION PLAN

A Cost Allocation Plan (CAP) documents the method identifying and distributing allowable direct and indirect costs under the contract. When developing the CAP you should (1) keep it simple, (2) make it replicable, and (3) consider your capabilities.

CLASSIFYING COSTS

Classifying costs involves the labeling of direct and indirect costs relative to the program.

Direct Costs: Identified with a specific final cost charged directly to the program. I.e. employee compensation whose time is devoted strictly to the fulfillment of this program only, and pre-approved items such as equipment, materials, consultants, etc. specific to the program.

CAP example: 100% times cost equals amount.

Computer purchase is \$850. Calculate the direct cost at 100% is \$850.

Shared Direct Costs: Costs incurred for a common or joint purpose that benefits more than one funding stream. I.e. Program manager providing services to participants in all funding streams. Time is difficult to identify spent by funding stream, so costs are distributed to the proper funding stream.

CAP example: fund specific eligible number served by total number served equals percentage times cost equals amount.

Program manager provides services to two funding streams serving 100 participants. Fund A has 35 participants and Fund B has 65 participants and the PM salary is \$2000 bi-weekly. Calculate for Fund A shared direct cost at 35% (35/100) times \$2000 equals \$700 to be charged to Fund A and \$1300 to Fund B.

Indirect Costs: Administrative costs incurred to support the overall operation of the contractor. I.e. utilities, insurance, telephone, other overhead costs, etc.

CAP example: fund specific eligible number served by total number served equals percentage times costs equals amount. (Yearly average should be used for budgeting with justification. Indirect cost is subject to funding authority approval.)

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Total administrative costs (rent, utilities, insurance, and telephone) to two funding streams serving 100 participants. Fund A has 35 participants and Fund B has 65 participants and the Admin costs are \$57,820 year. Calculate for Fund A indirect direct cost at 35% (35/100) times \$57,820 equals \$20,237 to be charged to Fund A and \$37,583 to Fund B.

METHOD USED

Method used is the reasonableness and equity for allocating different types of costs.

Space Allocation: Proportion of work area or usage as costs that benefit all occupants of the site. I.e. by square footage

Personnel Allocation: Proportion of staff time worked as costs that benefit an area of work or funding emphasis. I.e. by time distribution system

Usage Allocation: Proportion of usage as costs that benefit an area of work or funding emphasis. I.e. by usage logs

Participants Served: Number of participants served at the site as costs to produce an output across funding emphasis. I.e. by active eligible participants served.

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COST ALLOCATION PLAN

Organization Name: _____

FOR CONTRACT YEAR JULY 1, 2017 THROUGH DECEMBER 31, 2018

COST	TYPE OF COST	ALLOCATION TYPE	OTHER FUNDING BENEFITING		
By Line Item	D = Direct S = Shared Direct I = Indirect* *with support documents	Space Personnel Usage Participants Served Other:	Funding Program	Funding Budget Line Revenue	Funding Budget Restriction's)
I.e. Computer Equipment	D = Direct	Other: 100% Per Unit	None	None	
I.e. Program Manager	S = Shared Direct	Personnel: 35%	Pr. George's County	\$35,000	Personnel: 65%
I.e. Administrative Cost	I = Indirect*	Participants Served: 35% Negotiated at 11%	None	None	