



**MONTGOMERY COUNTY  
WORKFORCE DEVELOPMENT BOARD  
COST ALLOCATION PLAN 2021**

# Montgomery County Workforce Development Board

## Cost Allocation Plan

### I. INTRODUCTION

#### A. General

The **Montgomery County Workforce Development Board Cost Allocation Plan** is the method by which costs are assigned to the proper funding sources (such as Workforce Investment Act (WIA); Workforce Innovation and Opportunity Act (WIOA), Employment Retention and Advancement Network (EARN) etc.), and cost classification/reporting areas/centers (such as in-school/out-of-school, support; education; job retention; post-employment; work activities, assessments, administration, etc.) and encompasses all activities under authority of the Montgomery County Workforce Development Board (DCWDB). This cost allocation plan was produced under the guidance and direction of OMB Circular A-87, OMB Circular A-122, OMB Circular A-21, 48 CFR Part 31, 45 CFR Part 74, Appendix E, 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Workforce System Policy (WSP) No. 03-2015, December 22, 2015, Financial Management Policy.

The organizational chart delineating the personnel of the Office of Workforce Development—which houses the Montgomery County Workforce Development Board—and the Office of Workforce Development Operations—which includes the PA CareerLink® offices—is enclosed as Attachment A.

There are three types of costs to be allocated. They are direct, shared and indirect.

#### **Definitions:**

*Direct Cost.* Any cost which can be identified specifically to one particular funding source, cost and/or reporting center.

*Shared Cost.* Any cost which benefits more than one funding source, cost and/or reporting center but is not identifiable to any one particular funding source/title/cost classification.

*Indirect Cost.* Any cost of an agency which is not readily identifiable with a particular title or cost or reporting center but is necessary for the operation of the agency.

All costs under this Local Cost Allocation Plan will be treated as either direct, shared, or indirect.

It is the policy of Montgomery County to meet the cost allocation definitions and guidelines in a diligent and reasonable manner. Costs are deemed allowable, subsequently allocated according to the planned procedures and coded appropriately for entry into the Workforce Financial System.

## II. Methodology of the Montgomery County OWD Cost Allocation Plan

Shared Costs— Any cost which benefits more than one funding source, cost and/or reporting center but is not identifiable to any one particular funding source/title/cost classification.

These shared costs, while still direct costs, are allocated based on hours worked based on submitted and approved bi-weekly time sheets. MCWDB staff will then use the time sheets for the direct cost using the last pay period. Staff submit a timesheet (for a sample of this timesheet, please see Attachment B) and based upon those hours worked the time is allocated to the funding source(s). This establishes a monthly labor market distribution rate which is the basis for charges to the appropriate cost pools within the cost allocation plan. For Sub-recipients invoicing, the sub-recipient will send in the monthly invoice with also a “Participant Report” that serves as the allocation basis for applying direct shared cost against the applicable funding source (s).

As noted in WSP 03-2015, page 4-18, example, these salaries are direct costs based on hours worked during the pay period. These hours are submitted to the appropriate supervisor for approval then submitted to the County for completion of payroll. These funding sources based on the timesheets are then tracked individually in the Workforce Financial system and then reported to the appropriate MCWDB staff for reporting as part of the Financial Status Report.

## III. Funding Sources Provided by the Workforce Development Board

The Montgomery County Workforce Development Board (MCWDB) revenue tracking codes for the grants that are managed under the authority of the MCWDB (the Fiscal Agent) and accounted for by the Office of Workforce Development (OWD). These codes are issued by the Montgomery County Workforce Fiscal Office at the time of a Notice of Funding Obligation (NOO) is issue and reported through the Commonwealth Workforce Development System (CWDS).

This is the initial point of the cost allocation and reporting process. These General Ledger codes become the basis for the generation of a Chart of Accounts that is then utilized by the MCWDB.

Funds as identified through the Montgomery County Fiscal Office listed by code. Funds could include both Workforce Investment Act (WIA) and Workforce Innovation Opportunity Act (WIOA) but are included as WIOA listing effective 7/1/15.

<u>Code</u>	<u>Fund</u>	<u>Source</u>
1310	Adult	USDOL
1360	Workforce Innovation and Opportunity Act—Rapid Response	USDOL
1320	Workforce Innovation and Opportunity Act—Dislocated Worker	USDOL
1315	Workforce Innovation and Opportunity Act—Youth	USDOL
1335	Temporary Assistance for Needy Families—Youth	US HHS

1335	Temporary Assistance for Needy Families – Summer Youth	US HHS
1330	Temporary Assistance for Needy Families—EARN	US HHS
1345	Resource Sharing Fund	USDOL

As additional grants are awarded and/or administered through the Montgomery County Workforce Development Board, additional codes and funds are identified accordingly.

**A. Allocation to Title and Cost Classification**

The Montgomery County Workforce Development Board (MCWDB) and the PA CareerLink® Offices utilize funding from a myriad of sources. The Workforce Innovation and Opportunity Act (WIOA) anticipates additional development of and workforce development focus for additional public, private, philanthropic and other funds through the MCWDB.

Those costs which are directly associated with only one fund will be a direct allocation to that fund and cost classification/area. Those costs that benefit more than one program and/or cost classification /area will be considered a shared cost and allocated accordingly.

One of the primary objectives of the MCWDB is to distribute funds to the appropriate sub-recipients, service providers and vendors within the MCWDB in the operation of a specific program or programs.

**B. General County Charges—Montgomery County Charges to OWD**

These are costs not easily identified by a direct method for the County of Montgomery. The county completes a cost analysis of their overall costs incurred for various offices across county government. The county titles this charge an “Indirect Cost Rate” and charges to various county offices, however, for OWD this is a direct charge. The County annually provides these charges to OWD for the calendar year. These costs are then charged **directly** to the program costs on the basis of the cost allocation plan.

The most recent annual agreement is enclosed at Attachment C.

**IV. EXPENSES TO BE CHARGED TO THE FUNDING SOURCES**

These expenses listed here are current examples of the expenses charged to the funding sources. Specific charges may be added or deleted per county, WIOA or OWD policies but will be charged consistently in accordance with these rules established in this Cost Allocation Plan.

- **Participant Costs**
  - Wages
  - Payroll taxes and fringe benefits

- Individual Training Accounts (ITA's), Class Size Training, Cohort Training, Books, Fees, and Materials
- Assessments
- Soft / Essential Skills
- Participant Travel Reimbursement
- Needs-Based and Needs-Related Payments
- **Employer/Sub-Recipient**
  - Reimbursement for WIOA On the Job Training, Internship or other costs
  - Payment for EARN related activities
  - Payment for Adult Literacy Services
  - Payment for subcontracts as agreed by MCWDB and LEO

**A. Staff Wages—Salary and Fringe Benefits**

Staff Positions—Workforce Development Board

- Executive Director
- Deputy Director of Fiscal Management
- Training & Education Coordinator
- Contracts Coordinator
- Administrative/ Executive Assistant
- Supportive Services Coordinator – Non WIOA
- Fiscal Compliance Officer
- Supportive Services Coordinator- WIOA
- Performance Data Analyst
- Research and Performance Officer
- Projects Coordinator
- Quality Control Inspector

RSAB Expenses Will follow the terms of the MOU between the board and local partners utilizing the methodology in the RSAB

Please see the most recent Organizational Chart enclosed as Attachment A.

Fringe Benefits (Specific benefits may vary dependent upon county policy. This is a representative sample as of the publication of this CAP.)

- Social Security (FICA)
- Montgomery County Employee Retirement System
- Paid Holidays (See personnel policies for detail)
- Insurance contributions

**B. Other Costs**

- Staff Travel

- Staff Training
- Direct Space
- Other Space
- Telephone
- Photocopying
- Printing
- Supplies
- Postage
- Mailroom
- Payroll
- Human Resources
- Employee Assistance/ Training
- Equipment Purchase (\$5,000 or more)
- Equipment Purchase (Under \$5,000)
- Equipment Repair/Maintenance
- IT Support
- Insurance
- Subscriptions
- Memberships
- Business/Employer Outreach
- Promotional / Outreach Expenses
- Training Materials
- Audit
- Legal
- Miscellaneous

## **V. Cost Allocation Method and Justification**

### **A. Participant Costs**

#### **a. Wages (Direct Charge)**

- i. Allocation: Work experience wages—100% allocated to affected direct program activity. Summer Youth Wages—100% allocated to affected program direct program activity. OJT – 50% or Apprenticeship wages—100% allocated to affected program activity.
- ii. Documentation: Work/Training Site Agreement, participant time and evaluation reports, PA CareerLink®/MCWDB registration form, status change form, attendance records, payroll journals.
- iii. Justification: Charged directly to the funding source in which the participant is enrolled.

#### **b. Payroll Taxes and Fringe Benefits (Direct Charge)**

- i. Allocation: FICS, Unemployment Insurance, and workers' compensation allocated to the same funding source and cost area as the wages.

- ii. Documentation: Participant time and attendance reports, attendance records, billing statements, PA CareerLink®/MONTCO registration form, status change form, and payroll journals.
    - iii. Justification: Charged directly to the funding source in which the participant is enrolled.
  - c. Individual Training Accounts (ITAs), Class Sized Training, Cohort Training, Tuition, Fees, and Materials (Direct Charge)
    - i. Allocation: Items necessary for training—100% allocated to direct program activity. Items necessary to secure employment—100% allocated to appropriate direct program activity.
    - ii. Documentation: Purchase of Service/Payment Authorization, Need Based/ Needs Related payment authorization, invoices, PA CareerLink® registration form, status change form.
    - iii. Justification: Charged directly to the funding source in which the participant is enrolled.
  - d. Other Affected Direct Program Activity (Shared /Direct Charge)
    - i. Allocation: Assessment, job placement, remedial education, ESL, Soft/Essential Skills—100% allocated to affected direct program activity.
    - ii. Documentation: Purchase of Service / Payment Authorization, invoices, PA CareerLink® Registration form, status change form, PA CareerLink® referral form.
    - iii. Justification: Charged directly to the funding source in which the participant is enrolled.
    - iv. Frequency of Allocation: Assessment and job placement our required to submit “Participant Report” with the monthly invoice that serves as the allocation basis for applying shared cost against the applicable funding sources.
  - e. Participant Travel Reimbursement (Direct Charge)
    - i. Allocation: 100% allocated to support and/ or appropriate direct service activity.
    - ii. Documentation: Needs Based/Relevant payment authorization, attendance records, time reports, travel vouchers, PA CareerLink®/ registration form, status change form, PA CareerLink® referral form.
    - iii. Justification: Charged directly to the funding source in which the participant is enrolled.
  - f. Other Supportive Service (Direct Charge)
    - i. Allocation: 100% allocated to support and/ or appropriate direct service activity.
    - ii. Documentation: Needs Based/Relevant payment authorization, attendance records, time reports, travel vouchers, PA CareerLink®/ registration form, status change form, PA CareerLink® referral form.

- iii. Justification: Charged directly to the funding source in which the participant is enrolled.
  - g. Needs Based Payment-Needs Related Payment (Direct Charge)
    - i. Allocation: 100% allocated to support and/ or appropriate direct service activity.
    - ii. Documentation: Needs Based/Relevant payment authorization, attendance records, time reports, travel vouchers, PA CareerLink®/ registration form, status change form, PA CareerLink® referral form.
    - iii. Justification: Charged directly to the funding source in which the participant is enrolled.
- B. Employer/Vendor Charges
  - a. On the Job Training Reimbursements (Direct Charge)
    - i. Allocation: 50% allocated to affected direct program activity
    - ii. Documentation: OJT Contract, OJT Invoice, invoice, PA CareerLink® Registration form, status change form.
    - iii. Justification: Charged directly to the funding source in which the participant is enrolled.
- C. Staff Wages—Salary and Fringe Benefits
  - a. Staff Wages-Salary (Shared Cost)
    - i. Allocation: 100% charged to benefiting cost areas. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
    - ii. Documentation: All records completed after the fact—time allocation payroll allocation (Attachment D).
    - iii. Justification: Charged to the funding source benefiting from this cost.
  - b. Staff Fringe benefits (Shared cost)
    - i. Allocation: Fringe benefit costs by individual employee and those costs are charged in the same manner as salary and wage costs are recorded.
    - ii. Documentation: FICA tax rates, invoices, worker compensation bureau ratings, retirement and other insurance documentation.
    - iii. Justification: Charged to the funding source benefiting from this cost.
- D. Other Costs
  - a. Staff Travel (Shared Cost)
    - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
    - ii. Documentation: Biweekly time report including monthly travel and travel reimbursements.
    - iii. Justification: Charged to the funding source benefiting from this cost.
  - b. Staff Training (Shared Cost)
    - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
    - ii. Documentation: time reports, invoices.



- iii. Justification: Charged to the funding source benefiting from this cost.
- c. Direct Space (shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: Lease
  - iii. Justification: Charged to the funding source benefiting from this cost.
- d. Telephone (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: invoice, time reports
  - iii. Justification: Charged to the funding source benefiting from this cost.
- e. Photocopying (shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: invoice, time reports, cost allocation plan.
  - iii. Justification: Charged to the funding source benefiting from this cost.
- f. Printing (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: purchase order, invoices, time reports, cost allocation plan.
  - iii. Justification: Charged to the funding source benefiting from this cost.
- g. Supplies (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: purchase order, invoices, time reports, cost allocation plan.
  - iii. Justification: Charged to the funding source benefiting from this cost.
- h. Postage (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: purchase order, invoices, time reports, cost allocation plan.
  - iii. Justification: Charged to the funding source benefiting from this cost.
- i. Mailroom (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Justification: Charged to the funding source benefiting from this cost.
- j. Payroll (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: invoices
  - iii. Justification: Charged to the funding source benefiting from this cost

- k. Human Resources (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: invoices
  - iii. Justification: Charged to the funding source benefiting from this cost
  
- l. Equipment Purchases (over \$5,000 aggregate) (shared cost)
  - i. Allocation: 100% allocated to appropriate costs area using appropriate depreciation schedules or use allowances (unless otherwise specified).
  - ii. Documentation: invoice, purchase order, purchase or funding source approval letter (as appropriate), indirect cost pool, and depreciation allowance templates.
  - iii. Justification: charged to the funding source benefiting from this cost and retains reversionary rights to said equipment.
- m. Equipment purchases (\$5,000 or less in aggregate) (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: invoice, purchase order, funding source approval letter
  - iii. Charged to the funding source benefiting from the cost.
- n. Equipment Repair/Maintenance (Shared Cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: invoice, purchase order.
  - iii. Justification: Charged to funding source benefiting from the cost.
- o. IT Support (Shared cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate.
  - ii. Documentation: Invoices
  - iii. Justification: Charged to funding source benefiting from the cost.
- p. Insurance (Shared and direct cost)
  - i. Allocation to the funding source based upon corresponding time allocation per labor distribution rate. (Liability insurance, etc.)
  - ii. Documentation: Invoices
  - iii. Justification: Charged to funding source benefiting from the cost.
- q. Subscriptions (Shared cost)
  - i. Allocation: 100% charged to benefiting cost areas. Allocation to the funding source based upon the corresponding time allocation per labor distribution rate.
  - ii. Documentation: all source documentation—contract, invoice,

- correspondence and purchase order.
- iii. Justification: Charged to funding source benefiting from the cost.
- r. Memberships (Shared costs)
  - i. Allocation: 100% charged to benefiting cost areas. Allocation to the funding source based upon the corresponding time allocation per labor distribution rate.
  - ii. Documentation: purchase order, invoices
  - iii. Justification: Charged to funding source benefiting from the cost.
- s. Promotional Expenses /Outreach (direct and shared cost)
  - i. Allocation: 100% charged to benefiting cost areas. Allocation to the funding source based upon the corresponding time allocation per labor distribution rate.
  - ii. Documentation: purchase order
  - iii. Justification: Charged to funding source benefiting from the cost.
- t. Training Materials (Shared cost)
  - i. Allocation: 100% charged to benefiting cost areas. Allocation to the funding source based upon the corresponding time allocation per labor distribution rate.
  - ii. Documentation: Purchase Order, invoices
  - iii. Justification: Charged to funding source benefiting from the cost.
- u. Audit (Direct cost)
  - i. Allocation: 100% administration.
  - ii. Documentation: audit report and invoice.
  - iii. Justification: Charged to funding source benefiting from the cost.
- v. Legal (Shared cost)
  - i. Allocation: 100% administration. Allocation to funding sources via direct costs except for County General Governmental Costs (see Section IV.B.) direct charges or as benefit to the appropriate program.
  - ii. Documentation: Invoices
  - iii. Justification: charged to the funding source benefiting from the cost.
- w. Miscellaneous (Shared and direct cost)
  - i. Allocation: 100% charged to benefiting cost areas. Allocation to the funding source based upon the corresponding time allocation per labor distribution rate.
  - ii. Documentation: Purchase order (or bid documents) invoices, indirect cost pool.
  - iii. Justification: Charged to funding source benefiting from the cost.