



COST ALLOCATION PLAN AND METHODOLOGY

PREPARED FOR THE STATE OFFICE OF WORKFORCE WEST VIRGINIA

REGION 1 WORKFORCE DEVELOPMENT BOARD COST ALLOCATION PLAN 2017

Introduction

The Region 1 WorkForce Investment Board (WIB) was created under the federal WorkForce Investment Act (WIA) of 1998. WIA is regulated by the US Department of Labor (DOL). The Region 1 WIB is a private non-profit organization under the direction of WorkForce West Virginia. WIA has been superseded by the Workforce Innovation Opportunity Act of 2014 (WIOA) effective 07/01/2014. Region 1 is transitioning to WIOA and is operating under the name Workforce Development Board (WDB).

Region 1 is one of seven (7) regions in West Virginia. Region 1 is composed of an eleven (11) county area in southern West Virginia. We serve the counties of Raleigh, Mercer, Greenbrier, Nicholas, Wyoming, McDowell, Summers, Monroe, Fayette, Pocahontas, and Webster.

Local WIOA funding is administered by a 13 member Local Elected Officials Board, a 24 member Board of Directors, and a staff of 18 employees. (Attachment #1)

The WorkForce West Virginia Career Centers are a partner of the American Job Center (One Stops) and are the foundation of the WorkForce development system under WIOA. One-Stops are the entry point for any person seeking job training and employment services throughout the state. The One-Stop concept replaces the previous system of services where an individual visited different state agencies at different locations.



Services provided through the WorkForce West Virginia Centers include, but are not limited to, the following:

- Case Management Services
- Vocational Guidance Assistance
- Assessment
- Job Development Contracts
- Referrals to Job Openings
- Resume Preparation Assistance
- Labor Market Information
- Job Search Workshops
- Veteran Tax Credit Eligibility Determination
- Civil Services Information
- Referral to Partners and Other Agencies.

Region 1 currently has six WorkForce West Virginia Career Center sites (either comprehensive, satellite, or access points) in the 11-county region of service.

Region 1 WDB currently receives annual funding from DOL Federal Allocation, Rapid Response, and others as received.

Local WIOA Allocation Funds are used to provide employment and training services to eligible Adults, Dislocated Workers and Youth who reside in the eleven county region. These funds are received on a yearly basis and are used to provide WorkForce services. Costs incurred that cannot directly be associated to participant training can be charged to Administration, not to exceed 10% of the total allocation.

Organizational Chart

The Region 1 WDB's Local Elected Official Board (LEO) has fiscal responsibility and oversees the activities of the Region 1 WDB.

The Region 1 WDB includes the administrative staff of three employees including the Executive Director, the Fiscal and Contracts Manager, and the Human Resource / Office Manager.

(Attachment #1)

Purpose/General Statements

The purpose of this Cost Allocation Plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, grants, contracts, and agreements.

OMB Super Circular CFR-200, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government. The Region 1 WDB Cost Allocation Plan is based on the Direct Allocation method described in OMB Super Circular CFR-200. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. It has been determined that many cost categories can and will be both direct and indirect.

Region 1 manages expenditures and grants within the 2016 Premier Edition of QuickBooks on an accrual basis and processes expenditures and grants during the fiscal period of July 1 through June 30.

Official financial statements are submitted annually as part of Region 1 WDB's audit and budgets are prepared for each grant in accordance with the respective grant requirements. Copies of financial statements and budgets are filed with WorkForce West Virginia annually and monthly reports are submitted in the MACC to substantiate the expenditures of each grant.

Each year the Region 1 WDB's and Local Elected Official Board's meet and the annual budgets are reviewed and approved before submission to WorkForce West Virginia.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by Region 1 WDB.

Allocation of Costs

The following information summarizes the procedures that will be used by Region 1 WDB:

- A. Compensation for Personnel Services – Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Compensation is charged directly to the program for which work has been done. Costs that benefit more than one program will

be allocated to those programs based on the ratio of each program's hours to the total of such hours (see Attachment #2).

1. Fringe benefits (FICA, UC, and Worker's Compensation) are allocated in the same manner as compensation. Health insurance, retirement benefits and other fringe benefits are also allocated in the same manner as compensation.
 2. Vacation, holiday, and sick pay are allocated in the same manner as compensation.
- B. Employee Travel Costs – Allocated based on purpose of travel as documented on the Employee Expense Report (Attachment #3). All travel costs are charged directly to the program for which the travel was incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's hours to the total of such hours (see Attachment #2).
- C. Professional Service Costs (such as consultants, accounting and auditing services) – Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. In most cases, auditing services, consulting services, legal fees, dues and subscriptions and licenses and permits will be charged directly to the Administrative Funding Stream as a direct expense to Administration. Costs that benefit more than one program, such as payroll processing services, will be allocated to those programs using a basis most appropriate to the particular cost being prorated. WIOA accounting transactions will be charged to the WIOA Administrative Funds as a direct charge to Administration.
- D. Office Expense and Supplies (including office supplies and postage) –Expenses used for a specific program will be charged directly to that program. Postage expenses are charged directly to programs to the extent possible. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses in the same manner that personnel services and travel costs are allocated (see Attachment #2).
- E. Equipment - Equipment used solely by one program is charged directly to the program using the equipment. If more than one program uses the equipment, or the cost of the equipment benefits general administrative functions then it may be necessary to charge the expense to the Administrative Funding Stream as a direct expense to Administration.
1. Equipment repairs & maintenance - Expenses are charged directly to programs that benefit from the service unless they benefit more than one program, then they will be allocated based on the ratio of each program's expenses to total of such expenses in the same manner personnel services and travel costs are allocated (see Attachment #2).
 2. Equipment rental - Expenses are charged directly to programs that benefit from the service unless they benefit more than one program, then they will be allocated based on the ratio of each program's expenses to total of such expenses in the same manner personnel services and travel costs are allocated (see Attachment #2).
- F. Printing and Publication – Printing costs can include general brochures, agency reports and program specific publications. Expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based on the ratio of the costs to total expenses. Costs that benefit general administrative functions will be allocated to the Administrative Funding Stream as a direct expense to Administration.
- G. Insurance – Insurance needed for a particular program is charged directly to the program requiring the coverage. Liability Insurance needed for general administrative functions will be allocated to the Administrative Funding Stream as a direct expense to Administration.

- H. Telephone/Communications –charged to programs if readily identifiable, however the majority of telephone or communications expenses will benefit more than one program and will be allocated to those programs based on the ratio of each program’s expenses to the total of such expenses in the same manner as personnel services and travel costs are allocated (see Attachment #2).
- I. Facilities Expenses - Facilities costs specifically related to WIOA program and administrative activities are allocated to programs based on the ratio of each program’s expenses to the total of such expenses in the same manner as personnel services and travel costs are allocated (see Attachment #2).
- J. Training/Conferences/Seminars/Board Meeting Expenses - Allocated to the program benefiting from the training, conferences, or seminars. Costs that benefit all programs will be allocated based on the ratio of each program’s salaries to total salaries in the same manner as personnel services and travel costs are allocated (see Attachment #2). Costs that benefit the general administration of the office or board members will be charged to the Administrative Funding Stream as a direct expense to Administration.
- K. Outreach & Website Costs – Examples of outreach are legal notices of meetings, Request for Proposal’s and Business Plan Modifications. Outreach and website costs will be charged directly to the Administrative Funding Stream as a direct cost to Administration or directly to the program in which the outreach and/or website postings pertain.
- L. WIOA Subcontractor - State and local governmental agencies as well as other private non-profit agencies that are not local area grantees but operate WIOA programs as sub-recipients often have indirect cost rate plans already approved by a cognizant federal agency or awarding agency. These rates will be reviewed by Region 1 WDB for their appropriateness for WIOA.
- M. Region 1 currently has six WorkForce West Virginia Career Center sites (either comprehensive, satellite, or access points) in the 11-county region of service. Expenses are charged to programs if readily identifiable. Expenses that will benefit more than one program will be allocated to those programs based on the ratio of each program’s expenses to the total of such expenses in the same manner as personnel services and travel costs are allocated (see Attachment #2).
- N. MACC Costs – The Mid-Atlantic Career Consortium (MACC) is a statewide data and participant tracking system. The cost of this system is shared among all Regional Development Boards of the state. These costs are allocated based on the WIOA Formula Funding by funding stream.
- O. OJT / Customized Training Costs – OJT / Customized Training are designed to meet the special requirements of an employer (including a group of employers). It is conducted with a commitment by the employer to employ, or in the case of employed workers, continue to employ, an individual on successful completion of the training. The employer pays for up to seventy five percent of the cost of the training. (20 CFR 663.715) OJT / Customized training costs are charged directly to the funding stream for which each participant has been determined eligible, i.e., Adult or Dislocated Worker.
- P. ITA Contract Costs - WIOA identifies the Individual Training Account as the primary means of providing training to individuals. ITA costs are charged directly to the funding stream for which each participant has been determined eligible, i.e., Adult, Dislocated Worker, and Youth.
- Q. Unallowable Costs - Costs that are unallowable in accordance with OMB Super Circular CFR-200, including alcoholic beverages, bad debts, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties, lobbying, and fundraising.

Examples of Allocation Methodology

Table #1

Cost Category	Administration	Timesheets	Other/Direct
Salaries		X	X
Fringes		X	X
Travel			X
Auditing	X		
Consulting	X		X
Legal	X		X
CPA – Bank Reconciliation	X		
Dues/Subscriptions	X		X
Licenses/Permits	X		X
Office Expense	X		X
Postage	X	X	X
Equipment Purchase	X	X	X
Equipment Rental	X	X	X
Repairs	X	X	X
Printing/Publication	X	X	X
Insurance	X		X
Telephone	X	X	X
Rent	X		X
Training	X	X	X
Board Meetings	X		
Outreach/Website	X	X	
Contractual	X	X	X
Customized Training			X
OJT			X
ITA			X
MACC Costs			X

Examples of Allocation Methodology - Continued

- A. **ADMINISTRATION** - Region 1 WDB combines its Title I administrative costs into one pool after all Direct Administration Costs are charged to the appropriate funding stream. The pool consists of total administrative costs for Adult, Youth, and Dislocated Worker. These costs are reported as total administration for the WIOA program.
- B. **TIMESHEETS** – Region 1 WDB employees maintain specific timesheets that distribute hours worked in each program / grant. The Timecard (Attachment #4) is for tracking daily hours worked for payroll purposes. The Cost Allocation of Time (Attachment #5) is used to record the hours worked by funding stream. The Cost Code Compilation (Attachment #2) is used to summarize hours worked by funding stream. The cost categories that can be affected by this allocation method are shown in table #1. However, it may be necessary to charge a particular invoice to a direct program, if documentation supports the direct charge. For instance, an employee may travel for the purpose of Youth and therefore their entire travel expense will be charged directly to Youth.
- C. **OTHER / DIRECT**– Other / Direct allocation methods will cover those expenses that are treated with specific guidelines in the approved contracts. For instance, the WIOA law requires all costs associated with the training of an Adult participant be charged to the Adult Funding Stream, etc. Therefore, OJT, ITA and Customized Training costs are charged directly to the funding stream for which each participant has been determined eligible, with the exception of a contractor’s overhead and administrative charges, which are discussed under (L) WIOA Subcontractor paragraph in this plan.

Certification

I have reviewed the WORK4WV REGION 1, INC, dba name Region 1 Workforce Development Board cost allocation plan dated January 2017. This is to certify that:

- A. All costs included in the proposal are allowable in accordance with the requirements of grants/contracts to which they apply and with the Federal Cost Principles of OMB Super Circular CFR-200, Cost Principles for Non-Profit Organizations
- B. This proposal does not include any costs which are unallowable under applicable Federal Cost Principles.
- C. All costs included in the proposal are properly allocable to USDOL grants/contracts on the basis of a beneficial or casual relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal Cost Principles.

Signature

Date

Angela Henson
Typed Name of Authorized Official

Executive Director
Title

Signature

Date

Bruce Battaile
Typed Name of Authorized Official

Fiscal and Grants Manager
Title

Signature

Date

Garlin Fox
Typed Name of Authorized Official

Fiscal and Grants Assistant
Title

Attachments

#1 Organizational Chart

#2 Examples of Allocated Costs

#3 Employee Expense Report

#4 Time Card

#5 Cost Allocation of Time