

**Purpose.**

The Southwest Wisconsin Workforce Development Board (SWWDB) is committed to compliance and proper accounting of its workforce development mission's funds. Although some costs can be identified specifically with a particular final cost objective relatively easily with a high degree of accuracy, other costs benefit two or more projects or activities. These costs must be allocated to the projects based on the proportional benefit received. This plan defines how SWWDB will allocate expenses to ensure each fund and grant receives its fair share of costs.

This entire cost allocation plan is designed to be in accordance with Uniform Guidance per the Office of Management and Budgets (OMBs) final guidance on Administrative Requirements, Cost Principles, and Audit Requirements, 2 Code of Federal Regulations Part 200, including the Department of Labor exceptions codified at 2 CFR Part 2900, which supersede the requirements from OMB Circulars A-21, A-87, A-110, and A-122; Circulars A-89, A-102, and A-133, 29 CFR Parts 95, 96, 97, and 99, and the guidance in Circular A-50 on Single Audit Act follow-up unless different provisions are required by statute or approved by OMB.

Plan.

Direct Cost Items: Payroll and Accounts Payable Costs shall be directly assigned to a funding source when the individual program and related costs directly impact a sole fund source or are able to be identified specifically with a particular final cost objective relatively easily with a high degree of accuracy. Funding regulations and contract specifications shall be considered when determining the cost categorization and assignment.

Shared Cost Items: Costs which impact more than one fund source shall be allocated based on staff time-charging. The Excel cost allocation tool is updated monthly on direct staff time from the payroll where all the corresponding dates fall in that same month. There are three (3) types of shared costs:



1. Payroll Expenses-Costs that are expensed through the Paychex payroll software system based on the actual number of hours worked in each funding source. Included are:
 - a. Payroll taxes (FICA/Medicare and Unemployment Compensation).
 - b. Employee travel-related and other pre-approved expenses, i.e. cell phone, internet reimbursements at the rates stated in SWWDB policies.
 - c. Worker's Compensation Insurance based on the employee's worker's compensation code as it is directly relates to the required insurance coverage.

2. Fringe Benefits-Costs that are expensed through the use of a cost allocated Excel spreadsheet based on the actual number of hours worked by SWWDB staff in each funding source and are only applicable if the fringe benefit is elected by the employee. Included are:
 - a. Health, Dental, Life/Long-Term Disability, and the 401(K) Plan fringe benefits at the rate billed by the insurance company or set forth in SWWDB policies and in conjunction with employee elections.
 - b. Paid Time Off (PTO) for sick, vacation, holiday, and bereavement which is pooled by Paychex after being processed in accordance with SWWDB policies and run through the cost allocation to expense out.

3. Accounts Payable Expenses-Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by SWWDB staff in individual funding sources for the previous month. The cost pools are as follows:
 - a. Position – Split between Program and Administration costs within each fund source as defined by regulations and funding constraints.
 - b. Location – An allocation per office location (such as Platteville versus Janesville office) costs as defined by grant regulations and funding constraints.

Both Administrative and Program expenses are allocated based on actual hours administrative and program staff work in specific funding sources. There is a cost pool for each office location where lease is paid for the distribution of general overhead and supply allocation. Common shared accounts payable expenses are telephone, office supplies, postage, etc.

References: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)— 2 CFR 200 (200.405 Allocable costs, 200.413 Direct costs, and Appendix IV to Part 200-Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations)

Plan Adopted: August 19, 2015 by DWD via email and then "conditionally" approved by DWD as submitted in the local plan

Plan Revised: December 13, 2017