



San Mateo County
Resource Conservation District

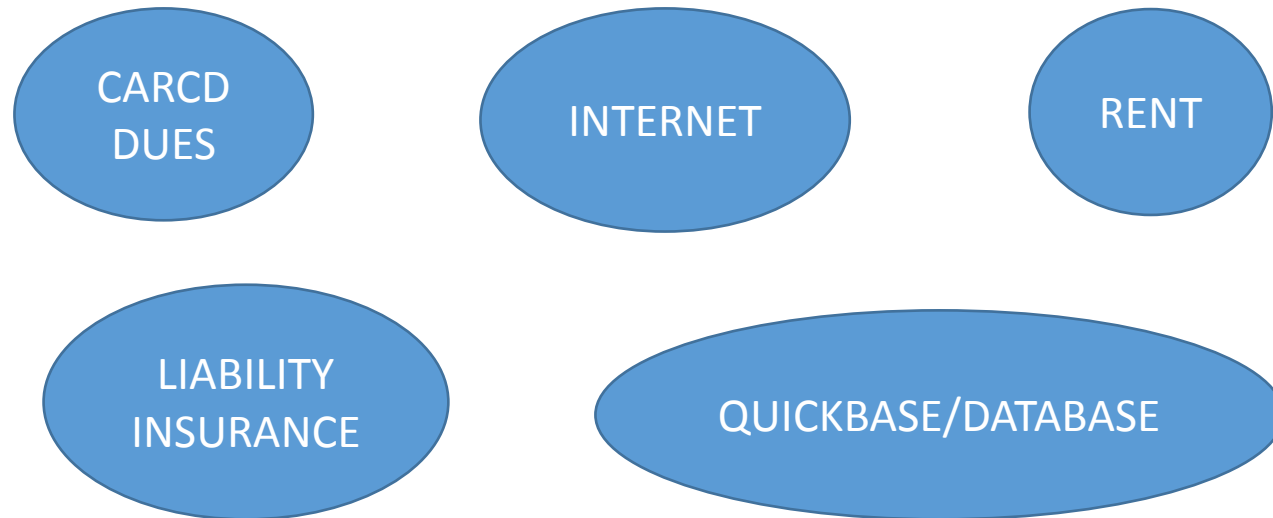
Cost Allocation Plan Overview

Presented to Board of Directors
June 16, 2016

What is a Cost Allocation Plan (CAP)?

A transparent method for assigning shared costs to multiple projects.

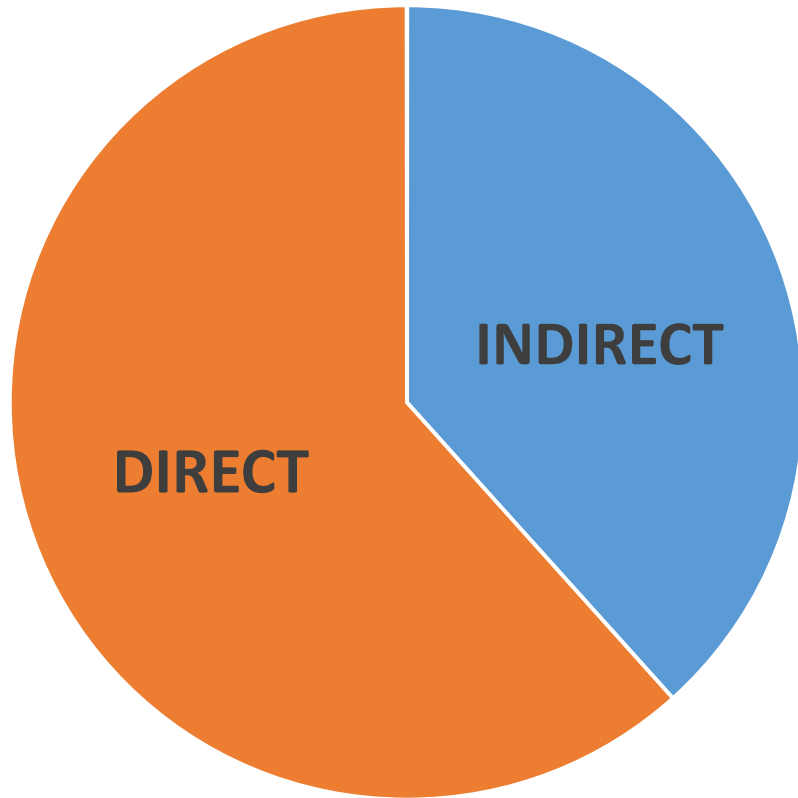
EXAMPLES OF COSTS SHARED BY RCD PROJECTS



San Mateo RCD Cost Categories

<u>Category</u>	<u>Direct Cost Example</u>	<u>Indirect Cost Example</u>
Personnel	Time spent on a project report	Time spent at a staff meeting
Operating	Pro-rated use of software	Insurance
Program	Water quality monitoring equipment	None- all program expenses direct expenses

Virtually all RCD Costs are Direct or Indirect



Direct costs

Specifically related to a project

Examples: site visits, lab fees, permits, project management

Indirect costs

Not specifically related to a project

Examples: general administration, rent, internet

Unallowable costs

Not permitted to include in cost allocation. About .1% of RCD costs are in this category.

Examples: fundraising, audits

Personnel Costs

The total remuneration, in cash or in kind, payable to an employee for work done.

Example Costs: salaries, benefits, payroll taxes, employer contributions

Allocation Method: ASSESS HOW AN EMPLOYEE SPENDS THEIR TIME

- Uses employee time spent on projects to determine indirect vs direct costs
- Direct Costs = staff time **spent** on projects
- Indirect Costs = staff time **not spent** on projects

Example Allocation:

- Employee A spends 80% of her/his time directly on project work
- Employee A costs the RCD a total of \$50,000 for the year
- $\$50,000 \times .80 = \$40,000$ Direct Cost
- $\$50,000 \times .20 = \$10,000$ Indirect Cost

Operating Costs

Non-personnel expenses that cannot be billed directly to grants or contracts.

Example Costs: accounting, computer, insurance, professional development

Allocation Method: ANALYZE THE NATURE OF EACH EXPENSE

- Benefit to a specific project = Direct
- Benefit not related to a project = Indirect
- Costs that Federal guidelines do not allow to be allocated to projects = Unallowable

Example Allocation:

- Pro-rated percentage of rent allocated to a specific program when permitted by funder.
- A case of copy paper shared by all staff for numerous purposes is an indirect cost
- A donation made by the RCD to a scholarship fund is unallowable.

Program Costs

Non-personnel expenses that are billed to specific programs or projects.

Example Costs: construction contractors, lab fees, permit fees

Allocation Method: NONE NEEDED



- All program costs are direct costs.

Example Allocation:



- Construction contractor is paid \$250,000 for grant-funded restoration project= Direct cost

Cost Allocation Plan

- PERSONNEL COSTS

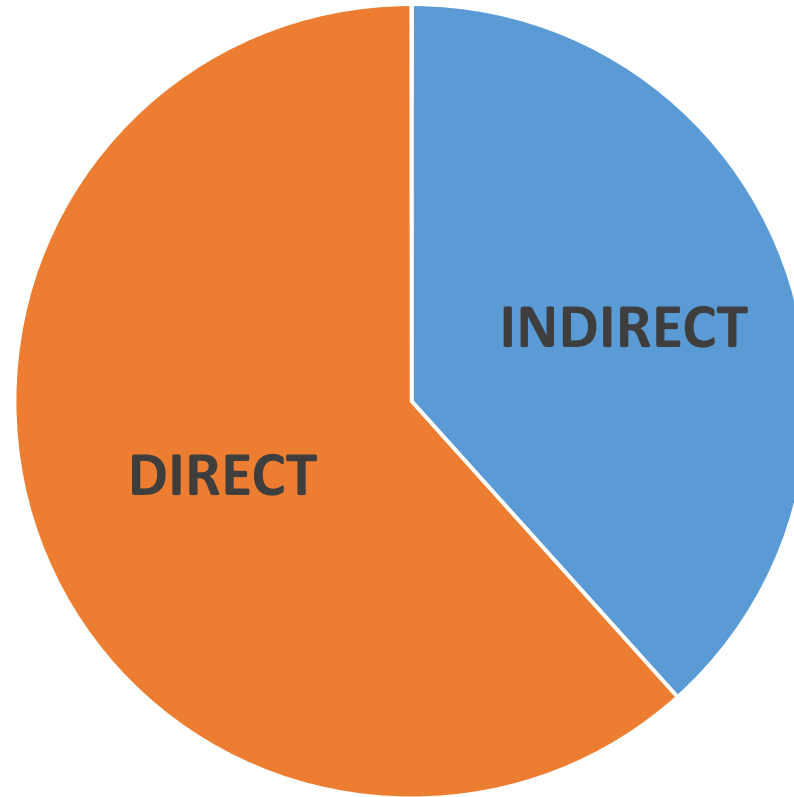
- Indirect 
- Direct 

- OPERATING COSTS

- Indirect 
- Direct 

- PROGRAM COSTS

- Direct 




	<u>INDIRECT</u>	= 74%
	DIRECT	

The Indirect Cost Rate (ICR)

The most accurate estimate of overhead, useful in grant budget proposals and contracts.

Indirect Cost Rate Calculation – (Current)		= 74%
<u>\$361,461</u>	<u>(Total Indirect Cost)</u>	
\$485,482	(Direct Cost Base)	



This ICR tells us that for every \$1 of RCD *operating and personnel* costs spent on project costs, 74 cents are spent on overhead costs.

NOTE: Approximately 10% of the overall budget, which includes program costs, goes to overhead.

Cost Allocation Plan (CAP)

Indirect Cost Rate Calculation (current)							
Fiscal Year 2016 Cost Categories	A. Personnel	B. Operating	C. Program	TOTAL	Indirect Cost Rate Calculation		74% ICR
Indirect Costs	\$266,111	\$95,350	\$0	\$361,461	<u>\$361,461</u>	<u>(Total Indirect Cost)</u>	
Direct Costs	\$485,482		\$0	\$485,482	\$485,482	(Direct Cost Base)	
Unallowable Costs		\$5,300		\$5,300			
Direct Program Costs			\$2,674,610	\$2,674,610			
	\$751,594	\$100,650	\$2,674,610	\$3,526,854			

The ICR is updated quarterly to reflect:

- salary adjustments
- a revised budget approved by the Board
- changes in amount of staff billable time
- unanticipated expenses

Review

- A transparent method for assigning shared costs to multiple projects
- Three categories of expenses: Personnel, Operating, Program
- Allocate all expenses as indirect or direct or unallowable
- Arrive at the Indirect Cost Rate (ICR) for use in grant/contract proposals