

# Cost Allocation Plan

## Northeastern Workforce Development Board

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### A. Introduction

Northeastern Workforce Development Board (NWDB) is a non-profit organization located in Bangor, Maine. Serving the Maine counties of Aroostook, Hancock, Penobscot, Piscataquis and Washington, NWDB is the primary coordinator for providing comprehensive, professional and timely workforce development services for job seekers and employers. NWDB is a recipient of Workforce Investment and Opportunity Act (WIOA) annual formula funding as well as various discretionary funding streams through the Maine Department of Labor.

### B. Organizational Structure

The following table lists the organization's positions and the grants which fund these positions:

Title	Funding
Executive Director	WIOA Admin (majority) National Emergency Grants (NEG's, when applicable)
Program Assistant	WIOA Admin (majority) NEG's (when applicable)
Finance Manager (contract position)	WIOA Admin (majority) NEG's (when applicable)

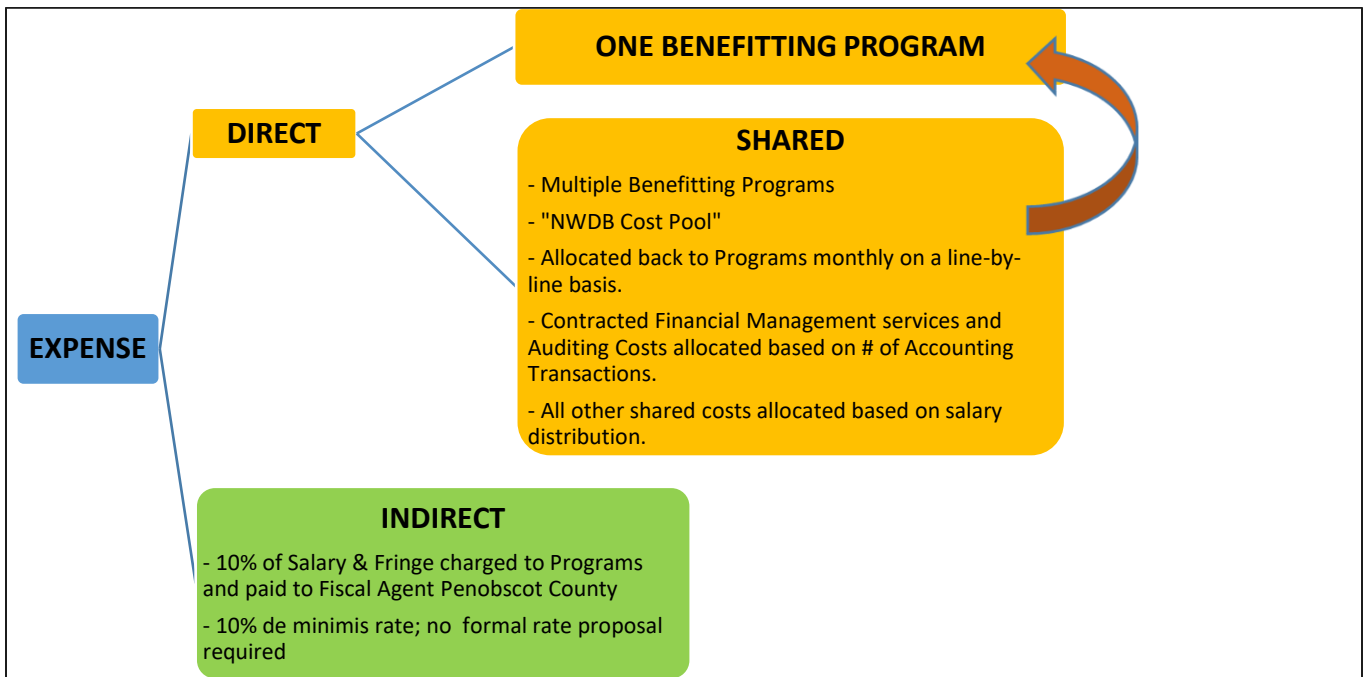
### C. Cost Allocation Methodology

This proposal is for a Cost Allocation Plan (CAP). This is the first proposal submitted for approval since the organization commenced on April 1, 2016.

Expenses at NWDB are classified into one of the following 3 categories:

- Direct Costs – single cost objective
- Shared Costs – multiple cost objectives
- Indirect Costs – overhead

The following diagram depicts the cost breakdown:



This proposal will cover two topics:

1. NWDB's Indirect Costs
2. NWDB's Cost Pool Methodology for pooled Direct Costs (Shared Costs).

#### D. Indirect Cost Pool/Allocation Methodology

NWDB's Fiscal Agent is Penobscot County. Penobscot County performs various financial functions on behalf of NWDB, including but not limited to:

- Payroll processing
- Fringe benefit administration
- Personnel administration (hiring, termination, etc.)
- Check signing
- Bank reconciliation review
- Contract review/signing
- *For a comprehensive list of Penobscot County's services on behalf of NWDB, please refer to NWDB's Financial Procedures Manual.*

In exchange for these services, Penobscot County charges NWDB 10% of the billed salaries and fringe benefits each month. The 10% de minimis rate as defined by §2 CFR 200.414(f) is utilized and is applied to Direct Salaries and Fringe only; it is not applied to Modified Total Direct Cost (MTDC which also includes supplies and other items of cost). For example:

Salaries:	
PPE 7/3/15 PD 7/10/15	865.44
PPE 7/10/15 PD 7/17/15	1,442.40
PPE 7/17/15 PD 7/24/15	1,442.40
PPE 7/24/15 PD 7/31/15	1,442.40
Total Wages	5,192.64
Fringe Benefits:	
Payroll Taxes	372.64
457(b) match	-
Workers' Comp Insurance	22.85
CIGNA Health Insurance	829.38
Northeast Delta Dental	13.00
Standard Life Insurance	26.64
Total Fringe	1,264.51
Total Salaries & Fringe	6,457.15
10% Indirect	645.71

#### E. Cost Pool Allocation Methodology for pooled Direct Costs

Other than the 10% indirect costs explained in Section D above, all other costs are charged as Direct Costs. Some direct costs are incurred specifically on behalf of one particular program (for example, mileage reimbursement for a trip to a meeting concerning an NEG.) Other direct costs, best described as “shared costs”, are costs that are incurred on behalf of all programs to approximately the same degree of benefit (for example, mileage reimbursement for a trip to a meeting to discuss the entire NWDB organization and all of its programs). Such shared costs are pooled into a Direct Cost Pool called “NWDB Cost Pool”. The NWDB Cost Pool is then allocated out, monthly, as follows:

#### NWDB Direct Cost Pool:

Account	Allocation Method
Salaries	Salary Distribution
Fringe Benefits	Salary Distribution
Travel	Salary Distribution
Supplies	Salary Distribution
Contractual – Finance Manager	Number of Accounting Transactions
Other:	
Bank Charges	Salary Distribution
Conferences & Training	Salary Distribution
Equipment Lease & Maintenance	Salary Distribution
Insurance	Salary Distribution
Parking	Salary Distribution

Postage	Salary Distribution
Professional Fees – Audit	Number of Accounting Transactions
Professional Fees - Legal	Salary Distribution
Recruiting	Salary Distribution
Rent	Salary Distribution
Telephone	Salary Distribution
Indirect Costs	Salary Distribution

## **F. Order of Operations**

Indirect Costs are first allocated to Programs, including the NWDB Cost Pool, based on salary distribution as recorded on timesheets. Pooled costs are then allocated from the NWDB Cost Pool to the programs based on the methodology described in Section E above.