

WORKFORCE DEVELOPMENT BOARD
Workforce Innovation and Opportunity Act Area 8

Cost Allocation Policy

1.) Purpose

To define the purpose of Cost Allocation methodology for the Area 8 Workforce Development Board (WDB) to set uniform guidance on this process, policies and procedures and to further define the Sub-Grant agreements that are in place with each County under Area 8 WDB for the cost allocation principals for WIOA Funding.

2.) SUMMARY

ODJFS has an established system in place in which the Area 8 counties will utilize to allocate cost for WIOA funding. CFIS / Ledger system will be utilized in which to captures Direct and indirect cost.

A.) Direct Cost:

Direct Costs are those cost that can be specifically identified to a specific program, and cost can be assigned directly to that funding stream.

B.) Indirect Cost:

Cost that could be associated with various State and Federal programs and are put into a cost pool to be distributed across applicable programs. Staff members will be assigned to the various cost pools that are applicable, based on the staff members job description and duties assigned.

3.) COST ALLOCATION METHODS

ODJFS has County Financial Information System (CFIS) that is available to all counties in which to report direct and indirect cost. Various factors will be used in allocating indirect cost as follows

- **Full Time Equivalents (FTE)**
 - A measure for reporting on employment and personnel compensation, to represent the equivalent of a single person employed.
- **RANDOM MOMENT SAMPLING (RMS)**
 - Staff are assigned to various cost pools and Random moment sampling is conducted during selected work schedules for the quarter. The Staff member will complete RMS that is designated for them and will select the program category and the activity category that bests identifies what work is being completed at that moment. The RMS process will be completed in the software that is offered by State ODJFS. Only employees engaged in directly related program functions can participate in the RMS time studies.
- **SHARED COST:**
 - Cost assigned to the shared cost pool are allocated be a two-phase process

- First the shared cost identified are allocate to the Program Cost Pools based on the average number FTE's
- Second phase is adding the shared portion to that particular Program Cost Pool (IM – Income Maintenance, SS – Social Services, WF – Workforce, CS Child Support,) and then cost allocated to the programs will be based off the RMS that are completed in the particular Program Cost pool.

The cost pools are distributed by the quarterly percentages derived from the RMS process noted above. Area 8 Counties will utilize the CFIS system to complete the cost allocation process. Area 8 will follow the steps that are put in place for the CFIS system and will follow the State guidelines and timeframes for reporting within this system.

DOCUMENTATION

Area 8 Counties will maintain any documentation that is needed under these areas for any necessary reviews / audits.

Board Approved X **Disapproved** _____
Date 8/20/2020

Updated Board Executive Committee Action Item

Date: 8/20/2020
Motion made by: Art Swainj
Motion seconded by: Rob Radway
Vote All **nay** None **abstain** X **motion carries** _____ **motion rejected**