

Fulton, Montgomery, & Schoharie Counties Workforce Development Board, Inc.

COST ALLOCATION POLICY

**Updated for Program Year 2025
Pending Board Approval – February 4, 2026**

Approved by Board of Directors: 3/4/26

Effective Date(s) of Cost Allocation Plan This Cost Allocation Policy becomes effective upon approval by the Board of Directors.

Any subsequent revisions will indicate the revised effective date parenthetically after the policy heading.

Policy Statement

The Fulton, Montgomery, and Schoharie Counties Workforce Development Board ('FMS WDB') ensures that all costs charged to federal and non-federal awards are:

- Reasonable,
- Allowable,
- Allocable, and
- Consistent with the terms of the award and 2 CFR Part 20 (Uniform Guidance).

Only allowable costs may be charged directly or indirectly to federal awards.

All unallowable costs will be separately identified within the general ledger and excluded from any direct or indirect allocation.

Segregating unallowable costs

To ensure compliance with federal requirements, the following steps are taken:

- Review of Award Documents:
 - Budget, contracts, and grants agreements are reviewed for specifically allowable or unallowable costs
- Compliance with Uniform Guidance
 - Fiscal staff must know and apply the cost principles in 2 CFR 200.403-200.411
- Allowable Confirmation:
 - No cost is charged to an award until determined allowable
- Chart of Accounts:
 - Appropriate ledger accounts are established for each award to ensure accurate cost classification
- Credits, Rebates, Refunds
 - Any applicable credit is used to reduce expenditures in the year the credit is received

Criteria for allowability

A cost must meet the following tests to be allowable:

- Necessary and reasonable
- Allocable to the award
- Compliant with limitations in 2 CFR Part 200 or in the award terms
- Applied consistently across all organizational activities
- Determined according to generally accepted accounting principles
- Not included as a cost to any other federally funded program
- Adequately documented

Definitions

- Direct Costs

- Direct costs are those that can be specifically identified with a single program, grant, or cost objective.

Examples include:

- Staff time spent exclusively on one program
- Participant expenses
- Program-specific travel or supplies

Direct costs are charged in full to the benefiting award

- Shared Cost

- Shared costs benefit more than one program or cost objective and cannot be feasibly assigned without a reasonable allocation method

Examples:

- Staff performing work for multiple programs
- Shared office supplies
- Shared facilities costs

Allocation Basis for Shared Costs

Allocation Bases Must be:

- Causally related to the benefit received (corrected spelling)
- Based on actual activity, not budgets
- Applied consistently over time
- Reasonable, equitable, and well-documented

Acceptable bases include:

- Actual time worked (primary basis used at FMS WDB)
- Square footage
- Participant counts
- Proportionate program costs

- Indirect Costs (Including Cost Pools)

Indirect costs are:

- Actual time worked (primary basis used at FMS WDB)
- Square footage
- Participant counts
- Proportionate program costs

Examples include:

- Executive oversight
- Fiscal management
- General administrative functions

- General office operations
- Indirect Cost Pools
- Indirect costs are accumulated into a single administrative/indirect cost pool and allocated using the quarterly time-distribution method described in Section VI. below unless another basis is required.

Allocation Methods

- **Primary Method: Direct Shared Allocation**

Most FMS WDB shared, and indirect costs are allocated using the Direct Shared Allocation Method, based on the quarterly work study process

Quarterly Work Study Process

Every calendar quarter (January–March, April–June, July–September, October–December), Fiscal staff complete a time-distribution process that includes:

- Retrieving all individual staff time records for every payroll occurring during the quarter
- Summing actual hours worked in each Workforce Innovation and Opportunity Act (WIOA) program:
 - Adult
 - Dislocated Worker
 - Youth – Out-of-School
 - Youth – In-School
- Calculating Quarterly Allocation Percentages
 - Total hours worked in each WIOA program are divided by the total pool of hours worked (all hours recorded for the quarter)
 - The resulting percentages serve as the allocation basis for shared personnel, shared non-personnel, indirect costs, and facility-related costs
- Administration Hours
 - Any remaining hours in the pool, not attributable to the above programs, are classified as Administration
 - Administrative hours are generally no more than 10% of total hours
- Hours in other programs
 - Hours worked in non-WIOA programs (e.g., NY SCION, RETI, TANF, etc.) are allocated directly to their respective programs and excluded from the WIOA allocation pool.

This process ensures that all cost allocations reflect actual proportional benefit to each program.

- **Personnel Services**

- Direct program hours charged directly to the program

- Administrative or shared hours added to the shared pool and allocated using quarterly time distribution percentages
- Non-Personnel Service Costs
 - Non-personnel costs may be direct, shared, or indirect, depending on benefit received

Examples include:

- Office supplies
- Technology and communications
- Insurance
- Training and travel

Shared and indirect non-personnel costs are allocated using

- The Direct Shared Allocation Method, or
- Another accepted basis only when appropriate

Site Specific Costs (Gloversville & Cobleskill)

Facilities Costs at these sites are allocated only to programs, not to administration

- Additional Allocation Bases

The following allocation bases apply to specific cost types:

<u>Cost Type</u>	<u>Allocation Basis</u>
Rent, utilities	Indirect
Internet, phone	Indirect
Participant supplies	Direct Charge or participant count
Business Liability Ins.	Square footage
Postage, printing, supplies	Indirect

Voucher allocation from service providers

Service provider vouchers and invoices are allocated as follows:

- Direct participant services (e.g., training, ITAs, supportive services) are charged directly to the funding source from the participant
- Services benefiting a single program are charged directly to that program
- Services benefiting multiple programs are allocated using participant counts, usage percentages, or time distribution data

Documentation supporting the allocation basis is retained for each voucher.

Spelling and terminology review

A manual editorial review was conducted.

The phrase “casually related” has been corrected to “causally related.”

Board Approval Statement

This Cost Allocation Policy has been revised to incorporate the New York State Department of Labor recommendation dated October 6, 2025, and is approved by the FMS WDB Board of Directors effective _____.