

## Cost Allocation Method Examples

### PA County Conservation District use of Dirt, Gravel, and Low-Volume Road Funding

*This document provides examples to support section 3.4.2 of the Dirt, Gravel, and Low Volume Road (DGLVR) Administrative Manual that discusses cost allocation methods (CAMs) for conservation district (district) administrative and education expenses.*

**Example 1:** If a conservation district has a vehicle that is shared by several programs, vehicle expenses or charges must be based on actual usage for each Program.

Vehicle is driven 500 miles in a quarter. 162 of those miles were for DGLVR activities.

Eligible DGLVR mileage expense =  $162 \times \$0.70$  (or other acceptable mileage rate) = \$113.40

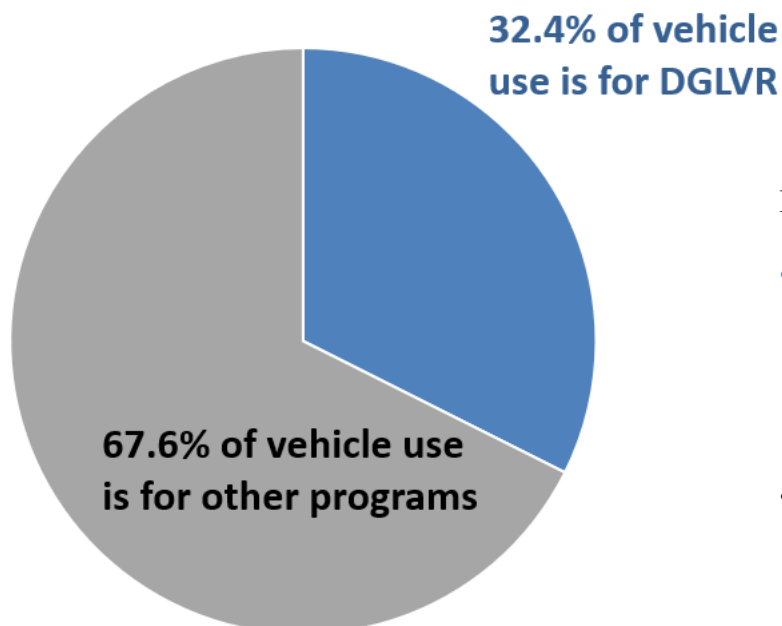
OR

How much of a \$100 oil change is eligible for reimbursement with DGR and LVR funds?

LVR:  $\frac{162}{500} = 0.324$

**\$100 x 0.324 = \$32.40 of the oil change is an eligible DGLVR expense**

Note that the federal mileage rate is based on the average costs of operating a vehicle in the United States and is intended to cover expenses including, but not limited to, fuel, tires, maintenance, registration, and insurance. When mileage driven for the DGLVR Program is compensated using the mileage rate method, individual vehicle expenses are not eligible DGLVR expenses, and vice versa.



How shared vehicle expenses are paid:

- **32.4% of each vehicle expense is an eligible DGLVR expense**  
**OR**  
**32.4% of mileage times the mileage rate is an eligible DGR expense**
- 67.6% of vehicle expenses or mileage are NOT eligible DGLVR expenses

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#### Example 2: Full-Time Equivalents (FTE)

- A full-time equivalent (FTE) is a unit of measurement that represents the amount of time worked by one full time employee.
- If a district has 10 FTE staff, and 1.5 of those FTE staff are funded by the DGLVR Program, then 15% of general overhead expenses (utilities, rent, and other shared expenses) are eligible DGLVR administrative expenses.

1.5 FTEs out of 10 FTEs are spent on DGLVR Activities. Example Expense: \$1,000.00

1.5 FTEs are spent on DGLVR

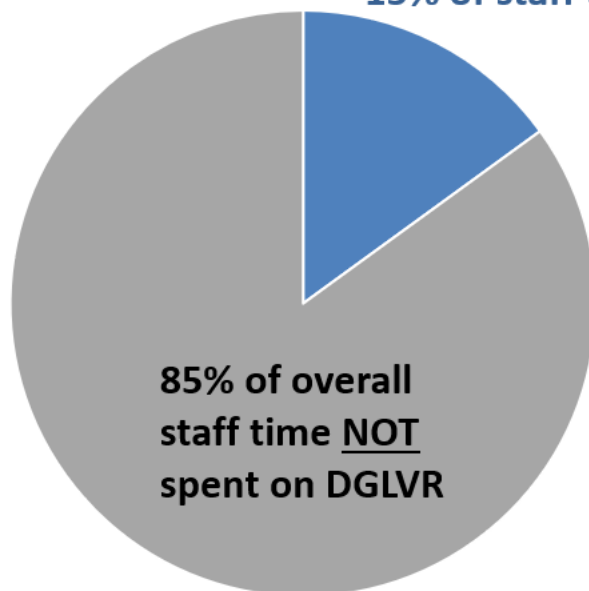
$1.5/10 = 0.15 = 15\%$  of staff time is DGLVR

$\$1,000 \times 0.15 = \$150$  is an eligible DGLVR expense

$\$1,000 - \$150 = \$850$  is not an eligible DGLVR expense

1.5 out of 10 FTEs spent on DGLVR

15% of staff time is spent on DGLVR



How shared expenses are paid:

- 15% are eligible DGLVR expenses
- 85% are NOT eligible DGLVR expenses

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### PA County Conservation District use of Dirt, Gravel, and Low-Volume Road Funding

**Example 3:** A conservation district has 6 full time staff that work on 4 main programs. A district newsletter is 10 pages long. The newsletter covers a variety of district topics, such as agriculture, erosion and sediment control, watershed restoration, tree seedling sale, and DGLVR. One page of the newsletter is about the DGLVR Program in general.

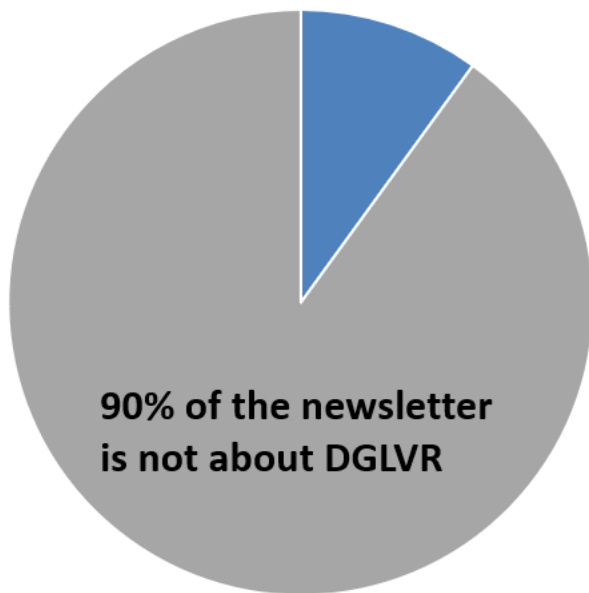
It costs \$900 to print the newsletters and \$100 to mail them. How much of the newsletter costs can be paid with DGLVR funds?

$1/10 = 0.1 = 10\%$  of the newsletter is about the DGLVR Program.

$\$1,000 \times 0.1 = \$100$  is an eligible DGLVR expense

$\$1,000 \times 0.9 = \$900$  is not eligible DGLVR expense

**10% of the newsletter is  
about the DGLVR Program**



How shared expenses are paid:

- 10% of each newsletter expense is an eligible DGLVR expense
- 90% of each newsletter expense is NOT an eligible DGLVR expense