

Cost Allocation Method Examples 1/2024 DRAFT

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

This appendix provides examples to support section 3.4.2 of the DGLVR Administrative Manual that discusses cost allocation methods for conservation district administrative and education expenses.

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

Vehicle is driven 500 miles in a quarter. 52 of those miles were for DGR activities, and 110 were for LVR activities.

Eligible DGR mileage expense = $52 \times \$0.67$ (or other acceptable mileage rate) = \$34.84

Eligible LVR mileage expense = $110 \times \$0.67$ (or other acceptable mileage rate) = \$75.04

OR

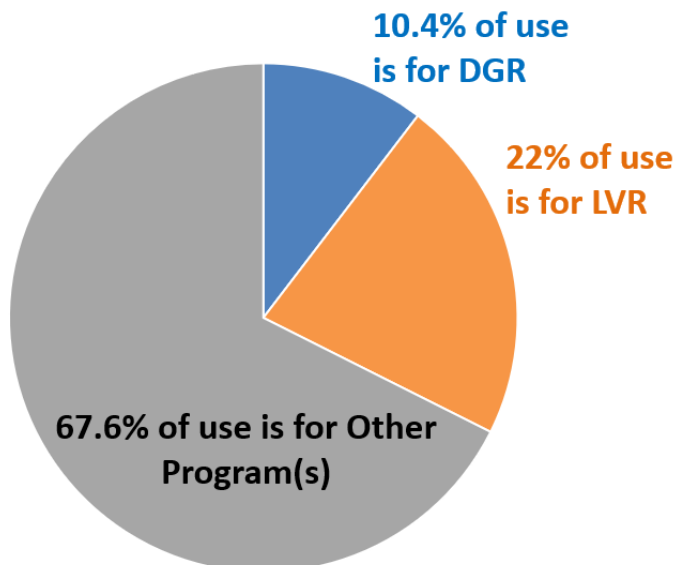
How much of a \$50 oil change is eligible for reimbursement with DGR and LVR funds?

DGR: $\frac{52}{500} = 0.104$ $\$50 \times 0.104 = \5.20 of the oil change is an eligible DGR expense

LVR: $\frac{110}{500} = 0.220$ $\$50 \times 0.220 = \11.00 of the oil change is an eligible LVR 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.

Vehicle shared unequally by multiple programs



How shared vehicle expenses are paid:

- 10.4% of each vehicle expense is an eligible DGR expense
OR
10.4% of mileage times the mileage rate is an eligible DGR expense
- 22% of each vehicle expense is an eligible LVR expense
OR
22% of mileage times the mileage rate is an eligible DGR expense
- 67.6% of each vehicle expense 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.
- DGR and LVR funds must be tracked separately (section 3.4.1), so this 15% is subdivided into DGR and LVR categories. Out of all DGLVR staff time (1.5 FTEs), 75% is DGR and 25% is LVR. This means that:
 - 11.25% of the shared expenses are an eligible DGR expense because 75% of 15% is 11.25%
 - 3.75% of the shared expenses are an eligible LVR expense because 25% of 15% is 3.75%

1.5 FTEs out of 10 FTEs are spent on DGLVR Activities. 75% of the 1.5 FTEs is spent on DGR activities, and 25% is spent on LVR activities.

Two ways to calculate percentages:

$$15\% \div 4 = 3.75\%$$

$\frac{3}{4}$ of DGLVR time is DGR
 $3.75\% \times 3 = 11.25\%$ is DGR

$\frac{1}{4}$ of DGLVR time is LVR
 $3.75\% \times 1 = 3.75\%$ is LVR

OR

$$75\% \text{ of } 15\% = 0.75 \times 0.15 = 0.1125$$

$$25\% \text{ of } 15\% = 0.25 \times 0.15 = 0.0375$$

Example Expense: \$1,000.00

$\$1,000 \times 11.25\% = \112.50 is an eligible DGR expense

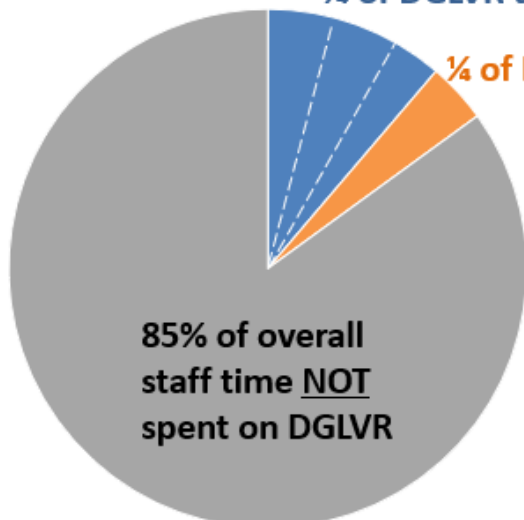
$\$1,000 \times 3.75\% = \37.50 is an eligible LVR expense

$\$1,000 - \$112.50 - \$37.50 = \850 is not an eligible DGR or LVR expense

1.5 out of 10 FTEs spent on DGLVR

$\frac{3}{4}$ of DGLVR time is spent on DGR 11.25%

$\frac{1}{4}$ of DGLVR time is spent on LVR 3.75%



How shared expenses are paid:

- 11.25% are eligible DGR expenses
- 3.75% are eligible LVR expenses
- 85% are NOT eligible DGLVR expenses

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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 (10%) of newsletter is about the DGLVR Program.

Since the DGLVR article is about the Program in general, it is reasonable to divide the cost of the article equally between the DGR and LVR Programs.

$10\% \div 2 = 5\%$ DGR and 5% LVR

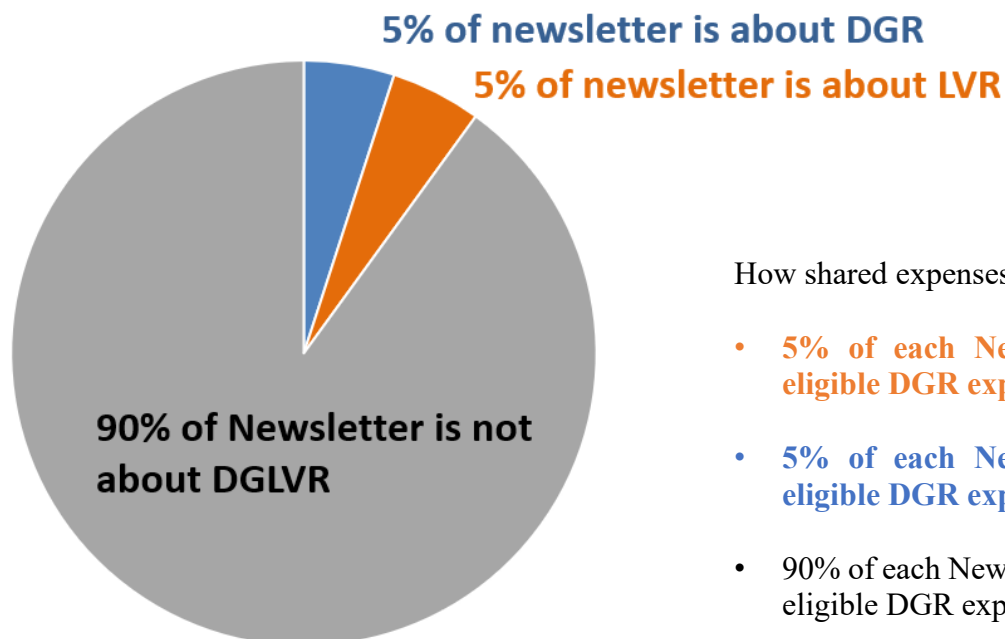
$\$1,000 \times 0.05 = \50 is an eligible DGR expense

$\$1,000 \times 0.05 = \50 is an eligible LVR expense

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

1 out of 10 pages of the newsletter is about DGLVR

DGLVR page is equally about DGR and LVR



How shared expenses are paid:

- 5% of each Newsletter expense is an eligible DGR expense
- 5% of each Newsletter expense is an eligible LVR expense
- 90% of each Newsletter expense is NOT an eligible DGR expense