

UNIT COST METHODOLOGY INSTRUCTIONS

CONTRACT MODULE INSTRUCTIONS General Requirements:

The **Unit Cost Methodology (UCM)** includes three worksheets, each of which need to be completed. The Excel worksheets include formulas intended to assist the help in the completion of the UCM. These formulas should not be overwritten or altered. It is important that the bidder review these detailed instructions before beginning the unit cost development process.

Unit Cost Methodology (UCM):

The UCM is comprised of three (3) worksheets: Personnel Allocation Worksheet, Unit Cost Worksheet, and the Support Budget Worksheet. Each worksheet must be completed accurately and completely.

The UCM Template to use for this RFP can be found on the Alliance website at:

<https://allianceforaging.org/providers/fiscal-documents>

The UCM must be followed closely and provide the Alliance with information in sufficient detail to allow the reviewer to determine the appropriateness and accuracy of all identified costs and rates. The reviewer must be able to establish through review of information submitted that costs are allowable, reasonable, and necessary. The UCM must be accompanied by supporting documentation for large costs such as salaries (payroll register or documentation to support listed salaries) and subcontract expenses (copies of subcontract agreements), Budget notes and any additional narrative that will give the reviewer a clear picture of the allocation methodology and it is encouraged to include any such information with the submission of the UCM.

The costs included in the UCM should be the same fiscal period as the Organizations Fiscal Year.

Helpful Hints in completing all three UCM worksheets:

- Only utilize the cells highlighted in Yellow.
- No formulas should be overwritten except for the following:
 - Column E (Proposed Budget) on the Personnel Worksheet if there is not a standard percentage increase for all personnel.
 - Row 12 (Fringe) on the Unit Cost Worksheet if it is desired not to proportionately allocate (based on total wages) to each service for all taxes and benefits
 - Row 19 (Less NSIP) on the Support Budget Worksheet: If there is no contract to receive NSIP funds or if not claiming NSIP funds for any meals served through this program, override the formula with a Zero ("0").
- On all three worksheets, hide (Do Not Delete) the Service Columns that are not applicable to the services your organization plans to provide/ Application as this will make the worksheet much more manageable.
- Utilize the "Freeze Panes" option and freeze on cell L10. This will make working with the spreadsheet much more manageable. When you no longer want the worksheet Freeze Pane on, complete the following: click View, click Freeze Panes, and then click "Unfreeze Panes" within that option

a. Personnel Allocations Worksheet:

The **Personnel Allocations Worksheet** is the first of the three **Unit Cost Development Worksheets** to be completed. The **Personnel Allocations Worksheet** develops the staff time allocations for each DOE funded service. It is intended to include all staff positions within the the organization (or division for very large organizations such as municipalities or nationwide organizations. The allocation of staff time must be based on recent time studies or other accurate and verifiable documentation.

1. Start by inserting the personnel information on the first line (cell A10). Use one line for each employee. Include all organizational (or Division) personnel. Add rows as necessary to include all personnel. Include the proposed gross wages and net available hours calculations for each employee. Volunteers can be shown with "0" wages and net available hours. For each position, manually insert the percentage of time allocated to one or more of the services (the allocations must be based on recent time studies or other accurate and verifiable documentation). The worksheet will calculate the amount of time and wages allocated to each service.
2. For Non-Governmental organizations or nationwide organizations, all positions must be shown individually, and all personnel allocations must equal 100%. It is important to ensure proper personnel allocations per employee. For Governmental organizations, use only the Department that will be administering these services as well as personnel that might support the administering of the grant funds.
3. Enter the Gross hours of 2,080 in Column F (Gross available Hours) for Full Time staff or the Total number of annual hours for staff working under 40 hours per week. It is not necessary to utilize Columns G-J (Holiday Hours, Sick Leave, annual Leave, Other Non-Eligible Time) unless you find it supportive information for your organization.
4. **Management & General (M&G) Cost Pool**
These are Indirect costs. Personnel Positions normally associated with M&G Cost Pool are Executive Director and Assistant Director(s), fiscal staff, human resource staff, data processing office staff, and all related supporting personnel for those offices. These positions should be placed 100% in this cost pool unless a portion of these positions are providing direct service of which a percentage may be allocated directly to the service. Exceptions to this rule are if any of these positions are participate in lobbying, fundraising or other activities unallowable under state and federal grants, if this is the case an appropriate proportion of time should be allocated to these unallowable activities. Personnel Costs placed in the Management & General Cost Pool are allocated to the various services on the next worksheet, the "Unit Cost Worksheet".
5. **Facilities & Maintenance Cost Pool**
Personnel Positions normally associated with this cost pool are maintenance, janitorial, or security staff. These positions should be placed 100% in this cost pool. These costs are allocated to the various services on the next worksheet, the "Unit Cost Worksheet".
6. **Non-DOEA Services and Activities (Columns GS-GU)**
A percentage of any personnel that provide direct service to programs not funded with DOE funding should be captured here.
7. **Fundraising and Unallowable Activities (Columns GV-GX)**
Personnel positions, or percentages of personnel positions that provide fundraising, lobbying, or other unallowable activities, should be captures here.

8. Column GZ provides a check that each position is allocated 100% to the various cost pools or services. This should be checked and double checked to ensure that each position is 100% allocated.

b. Unit Cost Worksheet

The **Unit Cost Worksheet** is the second of the three UCM Worksheets to be completed. The Unit Cost Worksheet develops an “organization-wide” unit rate for each DOEA funded service. It is intended to include the entire organization’s budgeted cost of providing one unit of service for the proposed annual period *no matter what the funding source*. Developing the Unit Rate which would be contracted through these procured funds is fully realized on the third Worksheet of the UCM (Support Budget Worksheet) where funding is acknowledged and units for this contract are applied to ensure “double-dipping” is avoided.

1. The “Prior Year Historical Costs” (column B) should be completed. The prior year’s historical costs should be the costs of the entire organization from the most recently completed fiscal period for the same fiscal period.
2. “Proposed Budget Totals” should be the budgeted costs for the entire organization for the same fiscal period.
3. Proposed Increase / Decrease is formula driven and will calculate the difference between the previous year historical costs and the proposed costs for these procured funds.
4. Total Wages for each service are linked to the **Personnel Allocations Worksheet**.
5. Fringe is the total of all payroll taxes and benefits paid on behalf of the employee. Fringe is calculated by formula and is allocated to services proportionately to the wages allocated per service. However, if more accurate manual allocations are documented and utilized, the formula may be overridden. This is one of the permissible places in the UCM where a formula can be overridden should the organization determine it is a more accurate reflection of the cost of fringe per service.
6. Other Cost categories are listed as “Line-Item Expenses” (column A, rows 11-32). These costs are allocated to services manually. Direct Costs are costs that are costs specially related to a service (or possibly 2 or 3 services) and manually applied to that service. Indirect Costs are costs that can be applied to all services. Indirect costs should be entered into either the Management & General Cost Pool or the Facilities & Maintenance Cost Pools.
 - Management & General Expenses are indirect costs in providing the service. Examples of costs that should be placed in the Management & General Cost Pool include General Liability Insurance, General Office Supplies, Telephone and Internet Expense, or General Advertising (not service specific).
 - Examples of Costs that should be placed in the Facilities and Maintenance Cost Pool include Mortgage or Rent expense, Repairs, Maintenance or Lease on copy machines, or Depreciation on buildings or equipment. Examples to be placed in the Management and General Cost Pool would be.

7. Subcontractors (rows 24-28) should include only subcontractors that provide direct service. For the purpose of the UCM, a subcontractor would be a subcontractor that your organization will be contractually required to annually monitor. Examples of Subcontractors include In-Home Services such as Personal Care or Homemaker, Adult Day Care, and Nutrition Services such as Caterer Costs for Home Delivered Meals.
 - Each subcontractor should be listed separately on the UCM. There are 5 Five line-item expense rows already included in the UCM on rows 24-28. Should there be a need to include additional rows for subcontractors, rows should be inserted between rows 24 and 28.
 - The name of the subcontractor should be included in the “Line-Item Expense Column” on the row the subcontract expense is being included.
 - The subcontractor expense should be direct expense to the service being provided.
 - It would be expected that the total budget expense for a subcontract would be the subcontract rate multiplied by the number of estimated units at the bottom of the Worksheet.
8. The Use of In-kind Expense is not required. However, if used, the total in-kind expense will be backed out of total costs on row 48, “Budgeted In-Kind Valuation.” If In-Kind expense is used in the Unit Cost Worksheet, it will automatically populate into the Support Budget Worksheet which should then be manually backed out as In-Kind Match on the Support Budget Schedule.
9. Non-DOEA Services and Activities (Column BQ) are any costs for services or activities that are allowable but not directly or indirectly associated with a service being bid on in this procurement.
10. Fundraising and Unallowable Activities (Column BR) are any costs not allowable such as Fundraising Costs, Lobbying expenses, or Bad Debt.
11. Column BT provides a check that each Line-Item Expenses is allocated 100% to the various cost pools or services. This should be checked and double checked to ensure that each position is 100% allocated.
12. Subcontract Allowance (row 38):
Each subcontract is allowed up to \$25,000 allowance if the subcontractor expense is \$25,000 or greater. Should the Subcontractor expense be less than \$25,000, only the amount of the subcontract expense may be included in the allowance.

The allowance must be manually entered on the Service Subcontract Allowance row (row 38).

Should a subcontract be allocated to two or three services, the \$25,000 allowance should be proportionately allocated to the subcontracted expenses based on the expenses for that subcontractor.

Example:

ABC Home Health (subcontractor) total projected expenses include \$150,000

	Subcontract Budgeted Expenses	Percentage of Proportionate allocation	Subcontractor Allocation
Homemaking	60,000.00	40%	10,000.00
Personal Care	90,000.00	60%	15,000.00
Total	150,000.00	100%	25,000.00

13. Service Subcontract Adjustment (row 39):

The Subcontract Adjustment will automatically calculate based on the information input for the Service Subcontract Allowance (SSA). The SSA will then be deducted from the Organization’s Total Allowable Costs (row 30) to create the Total Modified Direct Costs (row 36), which is the basis for the Reallocation of Management & General Costs (row 35).

Note that although the adjustment initially reduces service cost for the service, the intention behind the Allowance is to provide a greater allocation of the Management & General Cost Pool to the services utilizing subcontracts.

14. Allocate Management & General Costs (row 41) The M & G Cost Pool is allocated based on the prorated percent of funding in the Total Modified Direct Costs (row 36).

15. Allocate Facilities & Maintenance (Space) Costs (row 38) – The F & M Cost Pool is allocated by a prorated percentage of square footage assigned to each service on Row 45. Total Square footage must be entered into B45 and then manually allocated on row 45 to each service. The F & M Cost Pool will be allocated by formula based on the prorated percentage of square footage assigned to each service. Bidder should double check that all square footage is allocated to services. Non-DOEA, or Non-allowable columns.

16. Total Cost by Service (row 4) is formula driven and adds the Total Allowable Cost (row 36), the Allocation of M & G (row 41), and the Allocation of F & M (row 45) to provide the Total Cost by Service.

17. Number of Billing Units (estimated) (row 51) – This is the estimated number of units anticipated to be billed in one year should contract be awarded. These estimated units are to be entered manually for each service. To estimate the number of units, historical experience should be considered in providing these services, plans to continue to provide these services, plus any units anticipated or estimated.

Example:

Your organization has been providing Case Management Services utilizing other Government funding and Foundation support. You anticipate that funding to continue and you are now adding a new DOEA-funded program that will fund the case management services you provide.

Funding Source	Anticipated Units
County Funds	100
ABC Foundation	200
Alliance Program (CCE, HCE, ADI, OAA)	250
Total Anticipated Units	550

c. Support Budget Worksheet

The **Support Budget Worksheet** is the last of the three Worksheets that comprise the UCM. This Worksheet builds upon the unit rate develop on the Unit Cost Worksheet and develops the “adjusted

cost per unit of service” for each service funded by the Alliance to arrive at the proposed contracted rates for this program. This is done by applying the anticipated number of units to be served, any Program Income, Copay, Match requirements, or other sources of revenue that support expenses included in the Unit Cost Worksheet.

Unlike the first two worksheets, the **Supporting Budget Worksheet** should include only the proposed units and funding available for the specific program and services funded by the Alliance. It is not an “organization-wide” spreadsheet. However, it builds upon the organization-wide unit rate developed on the **Unit Cost Worksheet** and then “adjusts that rate for the required Match, client co-payments, program income, or other resources that is received to cover any of the expenses used to develop the rate on the previous worksheet.

ADD A SECOND SUPPORT BUDGET WORKSHEET:

A different Support Budget Worksheet is required for the various Allinace funded programs. This is because things such as Match or Copayment are required for some funded programs and not for others.

- Add another worksheet to the end of the file.
- Copy the entire Support Budget worksheet onto the newly added Worksheet.
- Rename the two Support Budget Worksheets as follows:
 - II.B.3 SBW Acronym of Program A
 - II.B.3 SBW Acronym of program B

You are now able to develop rates for all DOEA funded programs utilizing the same Unit Cost Worksheet.

1. Total Budgeted Units: Although this is Line 2 (Row 15) on the Worksheet, it is best to start this worksheet here because the “Total Budgeted Cash Costs” (Line 1 or Row 11) is formula driven and multiplies the Unit Rate established on the Unit Cost Worksheet by the “Total Budgeted Units” on Line 2 (Row 15) Example:

In the previous example, 550 “Total Billing Units” were determined for use on the Unit Cost Worksheet. For the Support Budget Worksheet, we can pull out the units to be used on the Support Budget Worksheets: For your program, you would use 250 units.

Manually enter the Program Units used for each service on row 15. These Program Units will then automatically calculate the Total Budget Costs online 1(b) (Row 13).

- Less NSIP – As mentioned in the Helpful Hints on page one of these instructions, this row is used only if your organization receives NSIP supplemental funding for meals and the meals served throughout this program will be billed as supplemental to NSIP. Otherwise, Override the formulas for any services that automatically calculate NSIP funding with a ZERO (“\$0.00”).
2. Less Match – If a 10% match is required for your DOEA funded program, include it into the appropriate line of the Support Budget Worksheet. If no Match is required for the program, leave it blank. Match can be comprised of:
 - Cash (or funding from sources other than state funds)

- In-Kind (Services, Supplies, or Volunteer hours that would otherwise need to be purchased).
- Program Income used as Match (Program Income such co-pay may be used as Match).

The value associated with any of these should be placed in the appropriate Lines of 4, 5, or 6 (rows 25, 27, or 29). The values used here on the UCM should reconcile to the

3. Less Program Income: enter the amount of program income anticipated to be received by the organization. (Program income includes things like co-pay received)
4. Less Funding Received from Other Sources for Services: This line is for any funding you receive that supports any expenses that are used on the Unit Cost Worksheet to calculate the rate.
5. Less any Other non-matching Cash: This line should include any Copay or Program Income that is not already used as Match in the earlier rows.
6. Adjusted Budgeted Costs and Adjusted Cost per Unit of Service are formula driven and will be automatically calculated.

Rates for Services used for bidding in the RFP may be the calculated Adjusted Cost per Unit of Service or lower. Rates for services used for bidding in this RFP should not be greater than the calculated adjusted Cost per Unit of Service.