Associate Lab Directorate (ALD) Area Burden Costs

BRIEF

Policy Summary
This policy provides guidance on the general management and administration of Berkeley Lab's scientific and support Associate Laboratory Directorate (ALD) area burden costs.

Who Should Read This Policy
All Laboratory employees who manage area burdens

To Read the Full Policy, Go To:
The POLICY tab on this wiki page

Contact Information
Indirect Budget Manager, Office of the Chief Financial Officer

POLICY

A. Purpose
This policy provides guidance on the general management and administration of Lawrence Berkeley National Laboratory's (Berkeley Lab's) scientific and support Associate Laboratory Directorate (ALD) area burden costs.

B. Persons Affected
All Laboratory employees who manage area burdens

C. Exceptions
None

D. Policy Statement

1. General
Area burden costs represent the costs of overall management and administration of the individual Associate Laboratory Directorates
(ALDs). The area burdens will be:

a. Appropriately budgeted and accounted for on a consistent basis.
b. Accumulated in standardized indirect cost pools (area burden projects).
c. Allocated to the benefitting cost objectives (projects) in an equitable and reasonable manner.

2. Cost Pool Expense

a. Area burden cost activities provide cross-divisional leadership to strengthen and grow research programs and assure effective operational support from the area and divisions. In particular, the ALD helps to design, articulate, and develop each division's long- and short-term scientific/technical project and program goals. The ALD manages division directors, who are responsible for programmatic and operational activities within their respective division. The ALD ensures adherence to appropriate policies and procedures and that programmatic and project operations are cost effective, efficient, and optimized within constraints of their budgets. The ALD helps develop short- and long-term financial strategies to ensure proper funding levels and will also evaluate new funding sources for divisions.
b. Area burden cost pools shall not include research and development (R&D) activities.
c. The cost pool shall not include expenses which are unallowable per the Federal Acquisition Regulation (FAR) or the terms of Contract 31.
d. The ALD area burden cost pool may include the following cost elements:
   i. Labor Expenses
      1. Associate Laboratory Director. A portion of the wage expense of associate laboratory directors for management and oversight of the divisions, as well as strategic planning.
      2. ALD Office Staff. Wage expense of ALD administrators, ALD office management personnel, and clerical support.
      3. ALD Support. Wage expense of staff whose appointment or assignment is of an area-wide nature that clearly and specifically supports area responsibilities. This may include operations managers and other professional staff, such as business managers, safety coordinators, resource analysts, and human resources (HR) partners who support the overall area. It may also include supplemental business development to generate funding. Assignments that benefit specific divisions or projects are excluded.
   ii. Other Expenses
      1. ALD Office Operating Costs. Includes charges for telephone, printing, copying, travel, vehicles, noncapital equipment purchases, equipment rental/maintenance, computing, other supplies and expense items, and electricity expenses related to the area office.
      2. May include other operating costs as appropriate. Directorate seminars and conferences that benefit all divisions under the respective area for either career development or area-wide program development outcomes.
      4. Research Project Termination. Support for project termination expenses is intended to allow reasonable accommodation to unanticipated or sudden minor changes in division research activities due to a specific project termination. It does not provide for termination of a major research program or a subprogram, which should be directly funded by the program.
      5. Equipment. Costs for equipment include the purchase, fabrication, lease, and maintenance of equipment that broadly supports area activities. Such equipment must meet the criteria below.
         • The users/beneficiaries of the equipment are included in the area burden distribution base. The equipment is used to support area multi-programmatic and/or interdisciplinary functions where the predominant use is not directly identified with a specific project. In addition, equipment does not apply to institution-wide users/beneficiaries.
         • Capital equipment may be charged to the area burden if it meets the requirement above and the following requirements:
            - Capital equipment criteria (see Definitions/Acronyms, below).
            - Users/beneficiaries are within the area burden base.
            - Users/beneficiaries include multiple sponsors and/or projects within the area burden base.
         • Must meet LBNL’s Property, Plant, and Equipment Policy.

3. Distribution Base

The distribution base for area burden costs is the associated divisional wage expenses (labor and payroll burden) and contract labor.

a. The following are excluded from the distribution base for area burden costs:
   i. Area and organization burden labor charged to their respective cost pools.
   ii. Costs of all consultants and the wage expense of employees matrixed from other organizations.
   iii. Fellowship and career-development Strategic Partnership Projects (SPP) award projects and work-study students.
   iv. Multiple location assignments (MLAs), inter-jurisdictional employee exchanges (IJEs), intergovernmental personnel appointments (IPAs), and Department of Energy (DOE) detaillee projects.
4. Rate Execution and Monitoring

a. Area burden costs are allocated using pre-established rates. Rates are based on forecasted costs for the applicable fiscal year.
b. Preliminary area burden rates are developed on a break-even basis, with the objective of establishing a rate to recover the exact total of costs in the cost pool at fiscal year-end. If a material variance exists between cost and recovery at fiscal year end, the area will revise the rate and/or budget to appropriately allocate the variance.

Area burden rate forecasts, establishments, and revisions of predetermined rates for the applicable cost accounting period(s) are prepared by appropriate Area staff and coordinated and executed through the Office of the Chief Financial Officer (OCFO) Budget Office.

E. Roles and Responsibilities

Managers, supervisors, and employees must adhere to the provisions of this policy.

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>Area Leadership</td>
<td>• Leads the formulation and coordination of the area expense pool and allocation base in accordance with the above policy.</td>
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<td>• Executes the organization expense-rate forecasts and establishes the predetermined rate for the applicable cost accounting period(s).</td>
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<td>• Coordinates revisions to the pre-established area budget and rate with the Budget Office. Reviews and approves submissions (to the Budget Office) of the requested budget and rate change.</td>
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<tr>
<td>Budget Office</td>
<td>• Reviews and approves the proposed budget and rate, with input from senior management when appropriate.</td>
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<td>• Communicates approved area budgets and rates.</td>
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<td>• Submits the forward pricing rates to the appropriate DOE office for approval.</td>
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<tr>
<td></td>
<td>• Identifies cost accounting practice changes, makes appropriate Cost Accounting Standards Board (CASB) Disclosure Statement revisions, and submits changes to the appropriate DOE office for approval.</td>
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</table>

F. Definitions/Acronyms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Allocate</td>
<td>To assign an item of cost, or a group of items of cost, to one or more cost objectives. This term includes both direct assignment of cost and the reallocation of a share from an indirect cost pool.</td>
</tr>
<tr>
<td>Cost Objective</td>
<td>A function, organizational subdivision, program, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, projects, etc.</td>
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<tr>
<td>Final Cost Objective</td>
<td>A cost objective to which both direct and indirect costs are allocated and which is one of the final accumulation points.</td>
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<tr>
<td>Indirect Cost</td>
<td>Any cost identified with two or more joint final cost objectives that cannot be identified specifically with a particular activity or project.</td>
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<tr>
<td>Indirect Cost Pool</td>
<td>A grouping of incurred costs identified with two or more cost objectives, but not identified specifically with any final cost objective.</td>
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<tr>
<td>Wage Expense</td>
<td>Salary multiplied by Paid Leave Factor multiplied by one plus the Payroll Burden Rate (\text{Salary} \times \text{Paid Leave Factor} \times (1 + \text{Payroll Burden Rate}))</td>
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</table>

G. Recordkeeping Requirements

None

H. Implementing Documents

<table>
<thead>
<tr>
<th>Document number</th>
<th>Title</th>
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Other Reference Documents

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<tbody>
<tr>
<td>DOE O 522.1</td>
<td>Pricing of Departmental Materials and Services</td>
<td>Official Guidance</td>
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I. Contact Information

Indirect Budget Manager, OCFO

J. Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision</th>
<th>By whom</th>
<th>Revision Description</th>
<th>Section(s) affected</th>
<th>Change Type</th>
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<tbody>
<tr>
<td>1/11/2013</td>
<td>0</td>
<td>B. Smith</td>
<td>Policy Creation</td>
<td>All</td>
<td>Major</td>
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<tr>
<td>9/10/2018</td>
<td>1</td>
<td>L. Freeman</td>
<td>Policy clarifications; edits for consistency; add detailed R&amp;Rs</td>
<td>All</td>
<td>Major</td>
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Document Information

DOCUMENT INFORMATION

Title: Associate Lab Directorate (ALD) Area Burden Costs

Document number 11.02.015.000
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Publication date: 9/10/2018
Effective date: 9/10/2018
Next review date: 1/31/20
Policy Area: Budget
RPM Section (home): Financial Management
RPM Section (cross-reference): OCFO

Source Requirements Documents

- Cost Accounting Standard 401, Consistency in Estimating, Accumulating and Reporting Costs
- Cost Accounting Standard 402, Consistency in Allocating Costs Incurred for the Same Purpose
- Cost Accounting Standard 406, Cost Accounting Period
- Cost Accounting Standard 418, Allocation of Direct and Indirect Costs

Implementing Documents

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<tr>
<td>11.02.003.001</td>
<td>Cost Account Standards Board (CASB) Disclosure Statement, Lawrence Berkeley National Laboratory</td>
<td>Official Statement</td>
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## Other Reference Documents

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