



JULY 3, 1998



TO: BOARD OF DIRECTORS
FROM: TERRY MATSUMOTO 
EXECUTIVE OFFICER, FINANCE
SUBJECT: ALLOCATION OF MTA OVERHEAD



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Transportation
Authority


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ISSUE

At the January Construction Committee meeting, the Committee expressed an interest in overhead allocation procedures. This report provides a discussion of overhead allocation focusing on FY98, the most recently completed overhead cost allocation plan.

REPORT

Unlike a municipality where functions such as police, fire, or health care, etc. are funded, within the MTA projects and programs such as MOS-2, Call for Projects, bus operations, etc. are funded. Therefore, the MTA first identifies direct charges to these projects and programs by specific identification of contracts, purchase orders and other payments to third parties. Direct labor, MTA line staff working on specific projects and programs, is captured through daily time reporting. The accumulated costs are then billed to the appropriate funding sources including external funds such as federal and state grants and internal sources such as sales taxes, bonds, and fare income. The MTA's "line" departments are Planning, Construction, and Operations.

Indirect costs, also referred to as overhead or administration, such as accounting, personnel, Board officials, etc., cannot be directly identified to projects and programs since these functions represent services to support the staff of the line departments. These costs are charged to projects and programs via an overhead rate expressed as a percentage of the direct labor charged to projects by the line units.

Under the cost allocation plan (CAP) indirect costs are allocated to the line functions using allocation bases that appropriately reflect "benefit" to the line departments. The ratio of indirect costs to the line function's direct labor charges is the overhead percentage.

In MTA history, CAPs were prepared by outside consultants, Ernst & Young, FY95, Kimberly Cole Consulting, FY96, Altmayer Consulting, FY97 and by

David M. Griffith & Associates, FY98 and FY99 (in process). In each of these plans, the consultants interviewed MTA staff of all administrative and direct functional areas to determine appropriate bases for allocation.

The FTA requires that CAPs be prepared annually. FTA review and approval is required initially and when there are significant changes to the plan. The FTA approved the MTA's first plan for FY95. Based on the ongoing organizational changes at the MTA, in January 1998, staff submitted the plans for FY96, 97 & 98 for review at the suggestion of the FTA's project management oversight consultant. Staff is currently working with the FTA to support their review and approval of the CAPs.

The attachments provide an overview of the CAP procedure, detail listing of overhead departments, the bases upon which those costs are allocated to the line departments, and the resulting allocations based on the FY98 budget as originally adopted. While there have been significant budget changes, these values are representative of the procedure. Final FY98 plan results will be computed and accounting records will be adjusted accordingly when FY98 actuals are known. The attachments have been prepared at the MTA level to simplify the presentation although non-represented staff are employees of the PTSC.

Please contact Terry Matsumoto, Executive Officer, Finance, at 213-922-2473, if you have any questions on this report.

Attachments

Prepared by:

George Beck, Director of Accounting

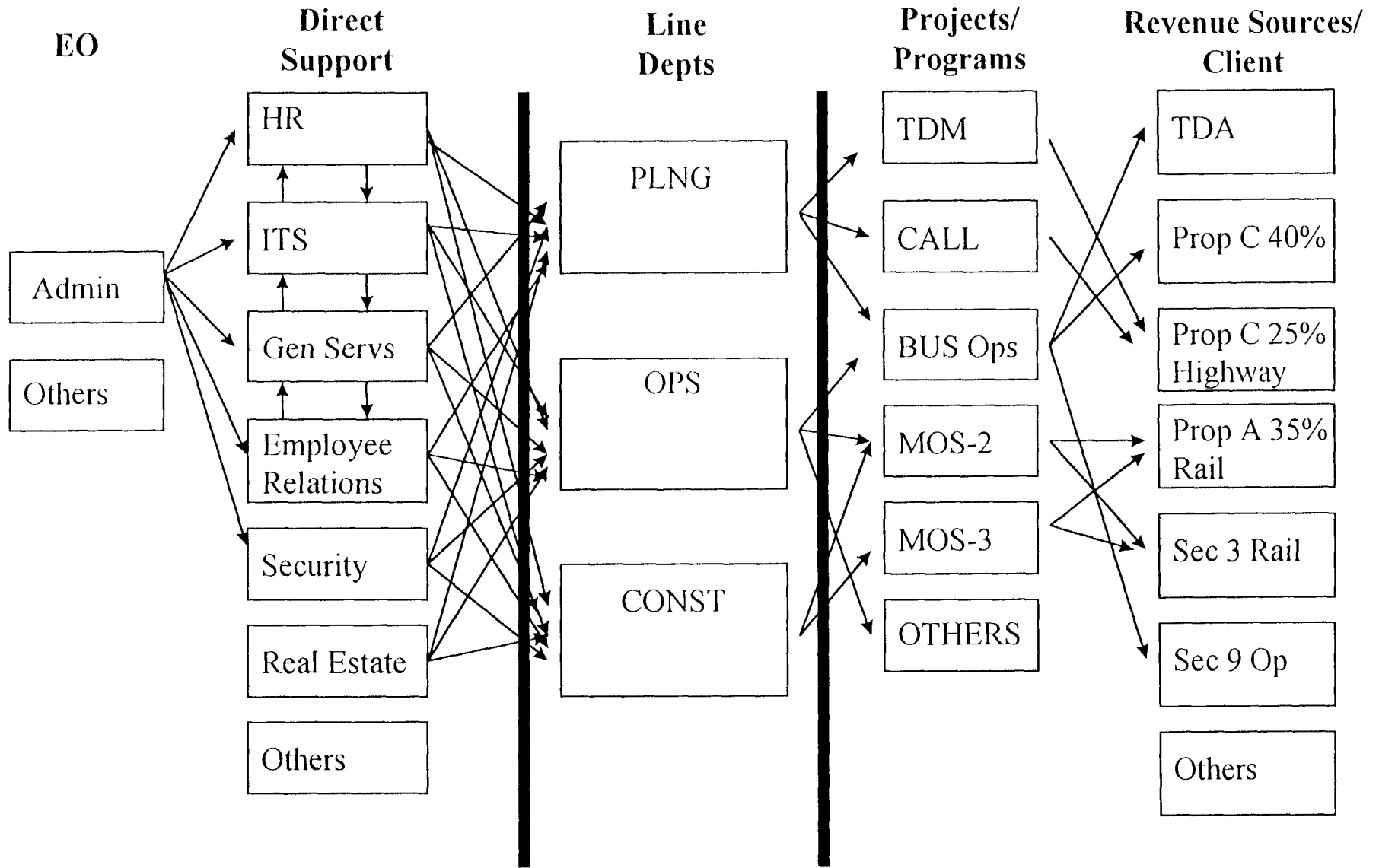
COST ALLOCATION PLAN OVERVIEW

A cost allocation plan is necessary to allow the MTA to be reimbursed for indirect costs, also referred to as overhead or administrative. The following chart summarizes the flow of the indirect cost allocation to direct labor costs that are ultimately billed to and reimbursed from funding sources, both external and internal.

- Executive Officer functions are allocated to the support units that they manage. In the example shown, the Executive Officer, Administration, costs are allocated among the Human Resources, Information and Technology Services, General Services, Employee Relations, Security and Real Estate Departments.
- At the next level, using Human Resources as the example, Human Resources costs are allocated to other Direct Support departments based their number of employees. Using ITS as an example, ITS costs are allocated to Human Resources and other departments on various bases representing the demands on ITS services.
- The final HR costs are then allocated among the line departments, Planning, Construction and Operations based on the number of their employees. ITS and the balance of direct support departments are each allocated among the line departments on various allocation bases as detailed in the following attachments.
- Line departments then charge direct labor to the projects/programs that their individual employees actually work on through daily timekeeping systems. The allocated overhead, stated as a percentage of direct labor, is also charged to those projects/programs.
- The accumulated costs by project/program are then billed to the external and internal fund sources that sponsor them just like a billing to a client.

Detail of unit by unit allocations bases, allocated amounts, and a glossary follow.

Cost Allocation



LACMTA
 Summary of Cost Allocation Plan By Summary CC Group, Individual CC Name, and Allocation Basis
 For Fiscal '98*

*Information below is based on the "original" CAP which used the original adopted FY '98 Budget.

Functional End Recipient Line Units

Summary Group	Individual CC Name	CAP Allocation Basis	Construction	Operations	Planning	Grand Total	
Administration	Employee & Labor Relations	MTA Employee Headcount	70,245.00	2,128,402.00	71,864.00	2,270,511.00	
	Employee & Labor Relations Total		70,245.00	2,128,402.00	71,864.00	2,270,511.00	
	General Services	Construction Direct		625,514.06	-	-	625,514.06
		Daily Mail Deliveries by CC Number		343,498.43	468,606.50	285,334.17	1,097,439.10
		Job Cost Sample by CC Number		23,469.79	20,536.06	1,422,855.86	1,466,861.71
		Number of Storage Boxes by CC Number		178,605.57	251,091.59	150,191.04	579,888.20
		Sample of Identified Expenses		65,768.29	21,016.18	160,464.74	247,249.21
		Sample of Identified Hours by CC Number		54,473.24	104,559.41	206,559.66	365,592.31
		Sample of Number of Copies by CC Number		43,341.43	92,676.90	325,060.77	461,079.10
		Usable Square Footage - GW Building		2,067,644.19	691,050.36	686,109.76	3,444,804.31
	General Services Total		3,402,315.00	1,649,537.00	3,236,576.00	8,288,428.00	
	General Services - Non-Departmental	Usable Square Footage - GW Building		229,275.00	188,437.00	209,085.00	626,797.00
	General Services - Non-Departmental Total			229,275.00	188,437.00	209,085.00	626,797.00
	Human Resources	Distribution of Non-Contract positions		666,779.30	2,489,422.96	487,111.68	3,643,313.94
		Distribution of Non-Contract positions multiplied by 3, plus Contract Positions		559,880.49	6,718,565.93	497,671.56	7,776,117.98
		Relative Budget Size		478,591.21	329,198.11	60,801.76	868,591.08
	Human Resources Total			1,705,251.00	9,537,187.00	1,045,585.00	12,288,023.00
	Info & Tech Services (ITS)	Construction Direct		2,047,076.30	-	-	2,047,076.30
		Operations Direct		-	6,527,138.82	-	6,527,138.82
		Sample Invoice Distributions by CC		1,110,978.57	2,698,715.66	564,237.15	4,373,931.38
		Systems and Programming Hours by CC		20,290.21	2,785,556.59	92,755.27	2,898,602.07
		USG Building Headcount		943,720.92	2,861,170.93	400,011.58	4,204,903.43
	Info & Tech Services (ITS) Total			4,122,066.00	14,872,582.00	1,057,004.00	20,051,652.00
	ITS - Non-Departmental	USG Building Headcount		300,442.00	217,371.00	307,365.00	825,178.00
	ITS - Non-Departmental Total			300,442.00	217,371.00	307,365.00	825,178.00
	Real Estate Non-Departmental	818 Building Square Footage by CC Number		755,132.00	-	76,206.00	831,338.00
	Real Estate Non-Departmental Total			755,132.00	-	76,206.00	831,338.00
Security	Usable Square Footage - GW Building		214,404.00	178,273.00	193,222.00	585,899.00	
Security Total			214,404.00	178,273.00	193,222.00	585,899.00	
Administration Total			10,799,130.00	28,771,789.00	6,196,907.00	45,767,826.00	
Board Office	Board Secretary's Office	Sample Board Meeting Agenda Items	44,058.00	40,911.00	22,029.00	106,998.00	
	Board Secretary's Office Total		44,058.00	40,911.00	22,029.00	106,998.00	

LACMTA

Summary of Cost Allocation Plan By Summary CC Group, Individual CC Name, and Allocation Basis
For Fiscal '98*

*Information below is based on the "original" CAP which used the original adopted FY '98 Budget

Summary Group	Individual CC Name	CAP Allocation Basis	Functional End Recipient Line Units			Grand Total
			Construction	Operations	Planning	
	Office of Inspector General (OIG)	Relative Budget Size	1,898,751.00	1,305,607.00	241,158.00	3,445,516.00
	Office of Inspector General (OIG) Total		1,898,751.00	1,305,607.00	241,158.00	3,445,516.00
Board Office Total			1,942,809.00	1,346,518.00	263,187.00	3,552,514.00
Chief Executive Officer	CEO Staff	MTA Employee Headcount	1,072.41	32,493.83	1,097.13	34,663.37
		Relative Budget Size	381,517.59	287,853.17	49,233.87	718,604.63
	CEO Staff Total		382,590.00	320,347.00	50,331.00	753,268.00
	Chief of Staff	Relative Budget Size	202,840.00	139,476.00	25,763.00	368,079.00
	Chief of Staff Total		202,840.00	139,476.00	25,763.00	368,079.00
	Equal Employment Opportunity (EEO)	Number of Contracts & PO's Handled	51,912.00	1,743,850.00	121,585.00	1,917,347.00
	Equal Employment Opportunity (EEO) Total		51,912.00	1,743,850.00	121,585.00	1,917,347.00
	Management Audit	Relative Budget Size	1,155,505.00	794,540.00	146,759.00	2,096,804.00
	Management Audit Total		1,155,505.00	794,540.00	146,759.00	2,096,804.00
	Risk Management	Operations Direct	-	3,505,513.00	-	3,505,513.00
	Risk Management Total		-	3,505,513.00	-	3,505,513.00
	Strategic Planning	Relative Budget Size	786,139.00	540,558.00	99,847.00	1,426,544.00
	Strategic Planning Total		786,139.00	540,558.00	99,847.00	1,426,544.00
	Chief Executive Officer Total			2,578,986.00	7,044,284.00	444,285.00
Communications	Communications - General	MTA Employee Headcount	9,025.00	272,490.00	9,234.00	290,749.00
	Communications - General Total		9,025.00	272,490.00	9,234.00	290,749.00
Communications Total			9,025.00	272,490.00	9,234.00	290,749.00
Finance	Controller	Construction Direct	565,595.61	-	-	565,595.61
		MTA Employee Headcount	71,998.47	2,176,211.59	74,320.99	2,322,531.05
		Ratio of Effort - A/R	25,248.54	100,994.13	378,728.00	504,970.67
		Ratio of Effort - Fixed Assets	235,686.11	105,887.97	-	341,574.08
		Relative Budget Size	777,458.76	534,767.47	98,769.72	1,410,995.95
		Sample Invoice Distributions by CC	469,630.51	1,138,854.84	237,591.29	1,846,076.64
	Controller Total		2,145,618.00	4,056,716.00	789,410.00	6,991,744.00
	Office of Management and Budget (OMB)	Construction Direct	22,252.78	-	-	22,252.78
		Relative Budget Size	1,202,752.22	822,978.00	152,012.00	2,177,742.22
	Office of Management and Budget (OMB) Total		1,225,005.00	822,978.00	152,012.00	2,199,995.00
Treasurer	Construction Direct	754,262.94	-	-	754,262.94	

LACMTA
 Summary of Cost Allocation Plan By Summary CC Group, Individual CC Name, and Allocation Basis
 For Fiscal '98*

*Information below is based on the "original" CAP which used the original adopted FY '98 Budget

			<i>Functional End Recipient Line Units</i>			
Summary Group	Individual CC Name	CAP Allocation Basis	Construction	Operations	Planning	Grand Total
		Sample Invoice Distributions by CC	1,346,689.06	1,812,476.00	1,395,841.00	4,555,006.06
	Treasurer Total		2,100,952.00	1,812,476.00	1,395,841.00	5,309,269.00
Finance Total			5,471,575.00	6,692,170.00	2,337,263.00	14,501,008.00
Non-Revenue Vehicle/F	Operations Support	Non-Rev Vehicle Equivalents x 10	50,047.00	41,614.00	45,103.00	136,764.00
	Operations Support Total		50,047.00	41,614.00	45,103.00	136,764.00
Non-Revenue Vehicle/Facilities Support Total			50,047.00	41,614.00	45,103.00	136,764.00
Procurement	Contracts-Materiel-Purchasing-Procurement	Construction Direct	374,002.57	-	-	374,002.57
		Number of Contracts Handled	623,641.95	1,518,630.42	146,672.12	2,288,944.49
		Number of PO's Handled	10,829.69	365,000.62	25,269.27	401,099.58
		Sample Invoice Distributions by CC	29,809.79	72,411.96	15,139.61	117,361.36
	Contracts-Materiel-Purchasing-Procurement Total		1,038,284.00	1,956,043.00	187,081.00	3,181,408.00
Procurement Total			1,038,284.00	1,956,043.00	187,081.00	3,181,408.00
Grand Total			21,889,856.00	46,124,908.00	9,483,060.00	77,497,824.00 (A)
		Add: Agency "Unit" Overhead**	\$ 5,225,000.00	\$ 31,239,000.00	\$ 2,937,000.00	\$ 39,401,000.00 (B)
		Total Overhead Allocated	\$ 27,114,856.00	\$ 77,363,908.00	\$ 12,420,060.00	\$ 116,898,824.00 (C) = (A) + (B)
		Direct Labor	\$ 12,670,000.00	\$ 198,042,000.00	\$ 9,097,000.00	\$ 219,809,000.00 (D)
		Overhead Rate Applied to Direct Labor	214%	39%	137%	n/a (C) / (D)

**Agency "Unit" Overhead represent overhead costs generated within the end recipient "Units" (e.g., Construction, Operations, ect.). This overhead is not generated by the Central Service Cost Centers which are covered by the formal Cost Allocation Plan developed by DMG & Associates.

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Summary of Cost Allocation Plan By Cost Center Group and Allocation Basis
For Fiscal '98*

*Information below is based on the "original" CAP which used the original adopted FY '98 Budget.

Functional End Recipient Line Units

Summary Group	CAP Allocation Basis	Construction	Operations	Planning	Grand Total
Administration	818 Building Square Footage by CC Number	755,132.00	-	76,206.00	831,338.00
	Construction Direct	2,672,590.36	-	-	2,672,590.36
	Daily Mail Deliveries by CC Number	343,498.43	468,606.50	285,334.17	1,097,439.10
	Distribution of Non-Contract positions	666,779.30	2,489,422.96	487,111.68	3,643,313.94
	Distribution of Non-Contract positions multiplied by 3, plus Contract Positions	559,880.49	6,718,565.93	497,671.56	7,776,117.98
	Job Cost Sample by CC Number	23,469.79	20,536.06	1,422,855.86	1,466,861.71
	MTA Employee Headcount	70,245.00	2,128,402.00	71,864.00	2,270,511.00
	Number of Storage Boxes by CC Number	178,605.57	251,091.59	150,191.04	579,888.20
	Operations Direct	-	6,527,138.82	-	6,527,138.82
	Relative Budget Size	478,591.21	329,198.11	60,801.76	868,591.08
	Sample Invoice Distributions by CC	1,110,978.57	2,698,715.66	564,237.15	4,373,931.38
	Sample of Identified Expenses	65,768.29	21,016.18	160,464.74	247,249.21
	Sample of Identified Hours by CC Number	54,473.24	104,559.41	206,559.66	365,592.31
	Sample of Number of Copies by CC Number	43,341.43	92,676.90	325,060.77	461,079.10
	Systems and Programming Hours by CC	20,290.21	2,785,556.59	92,755.27	2,898,602.07
	Usable Square Footage - GW Building	2,511,323.19	1,057,760.36	1,088,416.76	4,657,500.31
USG Building Headcount	1,244,162.92	3,078,541.93	707,376.58	5,030,081.43	
Administration Total		10,799,130.00	28,771,789.00	6,196,907.00	45,767,826.00
Board Office	Relative Budget Size	1,898,751.00	1,305,607.00	241,158.00	3,445,516.00
	Sample Board Meeting Agenda Items	44,058.00	40,911.00	22,029.00	106,998.00
Board Office Total		1,942,809.00	1,346,518.00	263,187.00	3,552,514.00
Chief Executive Officer	MTA Employee Headcount	1,072.41	32,493.83	1,097.13	34,663.37
	Number of Contracts & PO's Handled	51,912.00	1,743,850.00	121,585.00	1,917,347.00
	Operations Direct	-	3,505,513.00	-	3,505,513.00
	Relative Budget Size	2,526,001.59	1,762,427.17	321,602.87	4,610,031.63
Chief Executive Officer Total		2,578,986.00	7,044,284.00	444,285.00	10,067,555.00
Communications	MTA Employee Headcount	9,025.00	272,490.00	9,234.00	290,749.00
Communications Total		9,025.00	272,490.00	9,234.00	290,749.00
Finance	Construction Direct	1,342,111.33	-	-	1,342,111.33

LACMTA
 Summary of Cost Allocation Plan By Cost Center Group and Allocation Basis
 For Fiscal '98*

*Information below is based on the "original" CAP which used the original adopted FY '98 Budget.

Functional End Recipient Line Units

Summary Group	CAP Allocation Basis	Construction	Operations	Planning	Grand Total
	MTA Employee Headcount	71,998.47	2,176,211.59	74,320.99	2,322,531.05
	Ratio of Effort - A/R	25,248.54	100,994.13	378,728.00	504,970.67
	Ratio of Effort - Fixed Assets	235,686.11	105,887.97	-	341,574.08
	Relative Budget Size	1,980,210.98	1,357,745.47	250,781.72	3,588,738.17
	Sample Invoice Distributions by CC	1,816,319.57	2,951,330.84	1,633,432.29	6,401,082.70
Finance Total		5,471,575.00	6,692,170.00	2,337,263.00	14,501,008.00
Non-Revenue Vehicle/Facilities Support	Non-Rev Vehicle Equivalents x 10	50,047.00	41,614.00	45,103.00	136,764.00
Non-Revenue Vehicle/Facilities Support Total		50,047.00	41,614.00	45,103.00	136,764.00
Procurement	Construction Direct	374,002.57	-	-	374,002.57
	Number of Contracts Handled	623,641.95	1,518,630.42	146,672.12	2,288,944.49
	Number of PO's Handled	10,829.69	365,000.62	25,269.27	401,099.58
	Sample Invoice Distributions by CC	29,809.79	72,411.96	15,139.61	117,361.36
Procurement Total		1,038,284.00	1,956,043.00	187,081.00	3,181,408.00
Grand Total		21,889,856.00	46,124,908.00	9,483,060.00	77,497,824.00

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Summary of Allocated Costs by Allocation Basis
Fiscal '98 Cost Allocation Plan*

*Information below is based on the "original" CAP which used the original adopted FY '98 Budget

CAP Allocation Basis	Functional End Recipient Line Units			Grand Total
	Construction	Operations	Planning	
818 Building Square Footage by CC Number	755,132.00	-	76,206.00	831,338.00
Construction Direct	4,388,704.26	-	-	4,388,704.26
Daily Mail Deliveries by CC Number	343,498.43	468,606.50	285,334.17	1,097,439.10
Distribution of Non-Contract positions	666,779.30	2,489,422.96	487,111.68	3,643,313.94
Distribution of Non-Contract positions multiplied by 3, plus Contract Positions	559,880.49	6,718,565.93	497,671.56	7,776,117.98
Job Cost Sample by CC Number	23,469.79	20,536.06	1,422,855.86	1,466,861.71
MTA Employee Headcount	152,340.88	4,609,597.42	156,516.12	4,918,454.42
Non-Rev Vehicle Equivalents x 10	50,047.00	41,614.00	45,103.00	136,764.00
Number of Contracts & PO's Handled	51,912.00	1,743,850.00	121,585.00	1,917,347.00
Number of Contracts Handled	623,641.95	1,518,630.42	146,672.12	2,288,944.49
Number of PO's Handled	10,829.69	365,000.62	25,269.27	401,099.58
Number of Storage Boxes by CC Number	178,605.57	251,091.59	150,191.04	579,888.20
Operations Direct	-	10,032,651.82	-	10,032,651.82
Ratio of Effort - A/R	25,248.54	100,994.13	378,728.00	504,970.67
Ratio of Effort - Fixed Assets	235,686.11	105,887.97	-	341,574.08
Relative Budget Size	6,883,554.78	4,754,977.75	874,344.35	12,512,876.88
Sample Board Meeting Agenda Items	44,058.00	40,911.00	22,029.00	106,998.00
Sample Invoice Distributions by CC	2,957,107.93	5,722,458.46	2,212,809.05	10,892,375.44
Sample of Identified Expenses	65,768.29	21,016.18	160,464.74	247,249.21
Sample of Identified Hours by CC Number	54,473.24	104,559.41	206,559.66	365,592.31
Sample of Number of Copies by CC Number	43,341.43	92,676.90	325,060.77	461,079.10
Systems and Programming Hours by CC	20,290.21	2,785,556.59	92,755.27	2,898,602.07
Usable Square Footage - GW Building	2,511,323.19	1,057,760.36	1,088,416.76	4,657,500.31
USG Building Headcount	1,244,162.92	3,078,541.93	707,376.58	5,030,081.43
Grand Total	21,889,856.00	46,124,908.00	9,483,060.00	77,497,824.00

LACMTA

Glossary of Terms Used to Define the Allocation Basis Used in the Cost Allocation Plan (CAP)*
For Fiscal '98

* The CAP was developed by the consultant DMG & Associates.

CAP Basis Term	Definition
818 Building Square Footage by CC Number	This allocates costs to Cost Center Units based on the amount of square footage occupied at the 818 W. Seventh Street Building. The statistical data to support this basis was provided by General Services and is used to allocate the costs of the 818 building lease costs.
Construction Direct	This allocates costs only to Construction Cost Centers based on individual Departmental interviews and labor survey's submitted by the overhead producing Departments to the DMG consultant staff.
Daily Mail Deliveries by CC Number	This allocates costs to Cost Centers based on the frequency of mail delivery by MTA's in-house mail delivery staff. The statistical information to support this basis was provided by General Services/Records Mgmt..
Distribution of Non-Contract Positions	This allocates costs to Cost Centers based on the number of Non-Contract Staff they employ. The statistical information for this basis was provided by Human Resources. This basis is used to allocate employee training costs.
Distribution of Non-Contract Positions multiplied by 3, plus Contract Positions.	This allocates costs to Cost Centers based on a weighted combination of the number of Contract and Non-Contract employee's. This basis is used to allocate employee recruitment and benefits administration costs.
Job Cost Sample - Print Shop	This allocates costs to Cost Centers based on a 6 month sample of job costs incurred in processing requests submitted by Cost Centers to the Print Shop Unit. The supporting statistical data was provided by General Services.
MTA Employee Headcount	This allocates costs to Cost Centers based on a head count of all MTA employee's. The statistical data to support the basis was provided by Human Resources. This basis is used to allocate activities that benefit all employee's equally as relayed to the DMG consultant during departmental interviews. Examples of activities allocated with this basis include Payroll processing, and General Personnel administration.
Non-Revenue Vehicle Equivalentents x 10	This allocates costs to Cost Centers based on a weighted count of cars checked out to MTA staff members for business use. The statistical information for this basis was provided by General Services.
Number of Contracts & PO's Handled	This allocates costs to Cost Centers based on the number of Contracts and PO's processed for the requesting Cost Center. The statistical information for this basis was provided by Procurement, and this basis is used to allocate EEO Contract Compliance.

LACMTA

Glossary of Terms Used to Define the Allocation Basis Used in the Cost Allocation Plan (CAP)*
For Fiscal '98

* The CAP was developed by the consultant DMG & Associates.

CAP Basis Term	Definition
Number of Contracts Handled	This allocates costs to Cost Centers based on the number of Contracts processed for the requesting Cost Center. The statistical information to support this basis was provided by Procurement, and this basis is used to allocate Contract Processing costs.
Number of PO's Handled	This allocates costs to Cost Centers based on the number of PO's processed for the requesting Cost Center. The statistical data to support this basis was provided by Procurement, and this basis is used to allocate PO Processing costs.
Number of Storage Boxes by CC Number	This allocates costs to Cost Centers based on the number of boxed/archived records held in off site storage. The statistical data to support this basis was provided by Records Management, and this basis is used to allocate storage costs.
Operations Direct	This allocates costs only to Operations Cost Centers based on individual Departmental interviews and labor survey's submitted by the overhead producing Departments to the DMG consultant staff.
Ratio of Effort - AVR	This allocates costs to Cost Centers based on the amount of effort expended by the Accounts Receivable Unit to process invoices for the requesting Cost Centers. The statistical information to support this information was provided by the Controllers Office.
Ratio of Effort - Fixed Assets	This allocates costs to Cost Centers based on the amount of effort expended by the Fixed Assets Unit to record and track Assets for the user Cost Centers. The statistical information to support this information was provided by the Controllers Office.
Relative Budget Size	This allocates costs to Cost Centers based on the total dollars budgeted for each Cost Center. The supporting budget data was provided by OMB. This basis is used to allocate activities where the benefit received relates to the Cost Center Budget size. Examples include Management Audits, OIG Audits, and Strategic Planning activity.
Sample Board Meeting Agenda Items	This allocates costs to Cost Centers based on the number of Board Meeting Agenda items requested by the Cost Center. The 4 month sample data to support the basis was supplied by the Board Secretaries Office.
Sample Invoice Distributions by CC	This allocates costs to Cost Centers based on the number of separate invoice distributions processed by the Accounts Payable Unit. The statistical information to support this basis was provided by the Controllers Office. Sample activities that use this basis to allocate costs include Accounts Payable processing, Inventory Management, and Bank Fees costs.
Sample of Identified Expenses	This allocates costs to Cost Centers based on a 3 month sample of Graphics material costs involved in processing requests from the benefiting Cost Centers. The statistical data was provided by the Graphics Department.

LACMTA

Glossary of Terms Used to Define the Allocation Basis Used in the Cost Allocation Plan (CAP)*
For Fiscal '98

* The CAP was developed by the consultant DMG & Associates.

CAP Basis Term	Definition
Sample of Identified Hours Worked	This allocates costs to Cost Centers based on a 3 month sample of Graphics hours worked to fulfill request from the benefiting Cost Centers. The statistical data was provided by the Graphics Department.
Sample Number of Copies	This allocates costs to Cost Centers based on a 6 month sample of copies made by the Reproduction Unit for requesting Cost Centers. The statistical data was provided by the General Services.
System and Programming Hours by CC	This allocates costs to the Cost Centers based on one year sample of hours spent by the ITS Unit creating/customizing computer programs for requesting Cost Centers. The statistical data was provided by the ITS Unit.
Usable Square Footage - GW Building	This allocates costs to the Cost Centers based on the number of square feet the Cost Center uses in the Gateway Headquarters Building. The statistical data was provided by General Services. This basis was used to allocate costs that fluctuate relative to the amount of building space occupied. Examples include Utilities for the Gateway Building, Building Security, and Building Services Unit costs.
USG Building Headcount	This allocates costs to the Cost Centers based on the number of employee's working out of the Gateway Headquarters Building. The statistical data was provided by Human Resources and General Services. This basis was used to allocate costs that fluctuate relative to the number of employee's working in the Gateway Building. Examples include LAN Computer support and Telephone costs for the Gateway Building.

Please Note: Because the DMG Model uses a multi step process that allows Central Service Cost Center Units to "bill" each other, it is possible for two different Central Service Cost Center Groups to use the same allocation basis, but share the costs with the end recipient "Line" Units in different cost share percentages.