



## Organization Burden

Lawrence Berkeley  
National Laboratory

Financial Policies and Procedures

Part I

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Title:	Organization Burden
Originally issued:	June 30, 2005
Effective Date:	January 20, 2006
Revision Number:	1
Scheduled review date:	June 30, 2009 (every two years)
Primary contact:	Manager, Indirect Budgets

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### Summary

The purpose of this policy is to provide guidance to ensure that costs for the general management and administration of the Laboratory's scientific and support divisions or departments are accumulated in homogeneous indirect cost pools and allocated in reasonable proportion to the beneficial or causal relationship of the costs to cost objectives.

### Policy

The Organization Burden, which represents costs of the general management and administration of the Laboratory's scientific and support divisions or departments will be:

- Appropriately budgeted and accounted for on a consistent basis
- Accumulated in homogeneous indirect cost pools
- Allocated in a practical and equitable manner in reasonable proportion to the beneficial or causal relationship of the costs to cost objectives

### Procedures

Identify organization burden costs by cost element and group cost elements into indirect cost pools. Applicable costs are those administrative and other indirect costs associated with each of the Laboratory's scientific and support divisions or departments which cannot be directly identified with a specific cost objective.

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### *Payroll Expenses*

Includes wage expenses of the Division Director and the Division or Department Deputies, and/or assistants and related office staff that cannot be directly identified to a specific project.

Includes wage expenses of other staff, including consultants, whose appointment or assignment is of a division or department-wide nature. Wage expenses of other staff include costs of employees between assignments.

### *Operating Costs*

Includes telephone, printing, copying, travel, non-capital equipment purchases, equipment rental/maintenance, computing, supplies and expenses (S&E), seminars, space, and electricity expenses related to the Division or Department Office personnel listed under Payroll Expenses above.

May also include expenses related to building managers and related supplies and equipment, repair of "general" use equipment, non-capital space alterations, and division-initiated moves.

### *Other Expenses*

Organization Burden cost pools for support divisions may include activities such as production control, rework, scheduling, and related supervision, staff between assignments, conference and workshops, and professional research and teaching leave may be charged to Organization Burdens for scientific divisions.

Research and Development expenses are not appropriate for Organization Burden costs.

The basis of allocation of pooled Organization Burden costs to cost objectives is wage expenses. Costs included in the cost pool are mainly costs of management and support activities involving Division or Department wide labor. Thus, allocation of pooled costs using wage expense results in an equitable allocation of pooled costs to cost objectives.

Organization Burden costs are allocated to cost objectives using pre-established rates. The rates are based on forecasted costs for the applicable cost accounting period, generally the Laboratory's fiscal year.

A preliminary rate is developed on a break-even basis. The objective is to establish a rate that will recover exactly the costs in the cost pool. Every effort will be made to ensure that at fiscal year end, cumulative recovery equal cumulative costs. If a material variance accumulates, the rate and/or budget will be appropriately revised to allocate the variance.

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Organization Burden rate forecasts, establishment of pre-determined rates for the applicable cost accounting period(s), and revisions to pre-established rates will be coordinated and executed through the Budget Office.

### **Authority**

- Department of Energy (DOE) Prime Contract 31
- Cost Account Standards Board (CASB) Disclosure Statement, Lawrence Berkeley National Laboratory
- [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 418, Allocation of Direct and Indirect Costs](#)
- [DOE Order 522.1, Pricing of Departmental Materials and Services](#)

### **Contacts**

- Manager, Indirect Budgets

### **Glossary**

- **Allocate:** 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 reassignment of a share from an indirect cost pool.
- **Burdened labor:** The sum of the costs for salaries, wage expenses, payroll taxes, insurance, and benefits.
- **Cost objective:** 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.

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- **Direct cost:** Any cost which is identified specifically with a particular final cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with a contract are direct costs of that contract. All costs identified specifically with other final cost objectives of the contractor are direct costs of those cost objectives.
- **Final cost objective:** A cost objective which has allocated to it both direct and indirect costs and is one of the final accumulation points.
- **Indirect cost:** Any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives, or with at least one intermediate cost objective.
- **Indirect cost pool:** A grouping of incurred costs identified with two or more cost objectives, but not identified specifically with any final cost objective.
- **Wage expense:** Salary multiplied by Paid Leave Factor multiplied by one plus the Payroll Burden Rate {Salary x Paid Leave Factor x (1+ Payroll Burden Rate)}.