20XX-20XX

COST ALLOCATION PLAN

DEPARTMENT ABC

I. PURPOSE/SCOPE/GENERAL OVERVIEW:

The purpose of this report is to document the Department ABC’s Cost Allocation Plan. Each month the Department ABC allocates all of their administrative costs and some costs that are not practical or convenient to charge to a single program (indirect cost pools). The department's administration costs are identified in the Budget Act under Program 30, Subprogram 01. The indirect cost pools are not identified in the Budget Act but are recorded under Program 96 - Undistributed Multi-Program Costs.

II. DEFINITIONS:

Direct Costs - Any cost that can be identified and assigned to a particular program cost center.

Indirect Costs - Costs that are (a) incurred for a common or joint purpose benefiting more than one program cost center, and (b) not easily assigned to those particular program cost centers.

III. BUDGET STRUCTURE:

Program 10 – Research

Program 20 – Enforcement

Program 30– Administration

Subprogram 01 - Administration

Subprogram 02 - Distributed Administration

Administration contains functions and activities that are directly concerned with establishing the policy and methods and controlling the execution of the Department's role in State government. The functions performed by this program are policy formulation, direction and coordination. This program also contains support and specialized services that are essential to the administration and operation of the department.

IV. ALLOCATION METHODOLOGY

Allocation of Indirect Cost Pools:

Indirect cost pools are identified in the Cost Allocation Table as Program 96. Program 96 cost pools allocate to the following programs during the cost allocation process:

10 – Research

20 – Enforcement

30.01 – Administration

These costs allocate without Organizational/Business Unit identification. Use Organizational/Business Unit 0000 in the Cost Allocation Hierarchy Key.

Charges to the Program 96 cost pools include: Training Facility Usage (Cost Pool (Overhead), various Object of Expenditure codes)

Distribution Type: 4 - Fixed Percentage

Program Cost Account Type: 3 – Redistribution

| **Charge Information:** | |
| --- | --- |
| **COST POOL (Overhead) TITLE** | **OBJECT OF EXPENDITURE CODES** |
| Allocation of Training Facility Usage | Actual |
|  |  |

Distribution: Programs 10, 20 and 30.01

Basis: Fixed percentage of square footage previously determined in Programs 10, 20 and 30.01.

Credit Information:

The Program 96 cost pools will recover back to themselves using the same Object of Expenditure Code as charged in the initial expenditure coding.

Percent Distribution of Cost Pools to Program Cost Accounts

| **OVERHEAD COST POOL** | **PROGRAM** | **PROGRAM COST ACCOUNT** | **Percentage** |
| --- | --- | --- | --- |
| 96101 | 10 | 10101 | 5% |
|  |  | 10201 | 5 |
|  |  | 10301 | 10 |
|  |  | 10401 | 13 |
|  |  | 10501 | 17 |
|  | 20 | 20199 | 26 |
|  | 30.01 | 30101 | 24 |
|  |  | TOTAL | 100% |

ALLOCATION OF ADMINISTRATION

Administrative costs allocate to the following direct programs during the cost allocation process:

10 – Research; and

20 – Enforcement

These costs allocate without Organizational/Business Unit identification. Use Organizational/Business Unit Code 0000 in the Cost Allocation Hierarchy.

The total administration dollars allocate to those programs based on the personal services charged to each direct program.

Distribution Type: 5 - Calculated Pro Rata percentage of expenditures in the allocation range

Cost Pool Type: 5 - Special - Administration

Charge Information:

| **COST POOL (Overhead) TITLE** | **OBJECT OF EXPENDITURE CODES** |
| --- | --- |
| Administration | Object Code 427 |

Distribution: Programs 10 and 20.

Basis: Total administration dollars allocated based on the personal services dollars charged to each direct program. (Object of Expenditure Codes 003 through 137; Agency Line Items 00-99)

Credit Information:

| **COST POOL (Overhead) TITLE** | **OBJECT OF EXPENDITURE CODES** |
| --- | --- |
| Distributed Administration | Object Code 427 |

Allocation Range:

The Program Cost Account range of 10101 - 20199 may include Object of Expenditure Code 427, allocated costs.

V. ALLOCATION SEQUENCE

**Indirect Cost Pools** - These costs allocate during Step 1 of the month-end Cost Allocation/Fund Split process.

**Administration Costs** - These costs allocate during Step 2 of the month-end Cost Allocation/Fund Split process.

VI. PROGRAM AND ORGANIZATION STRUCTURE

The Department's Program and Organization structure is identified on the following pages.

**ORGANIZATION STRUCTURE**

Department ABC

* Research Division 10
* Enforcement Division 20
  + Northern CA Unit 20 10
  + Central CA Unit 20 20
  + Southern CA Unit 20 30
* Administrative Division 30

**PROGRAM STRUCTURE**

Department ABC

* Research Division 10
* Enforcement Division 20
* Administrative Division 30
  + Administration 30 01
  + Distributed Administration 30 02
* Departmental Indirect 96