

NCCIC Is a Service of the Child Care Bureau

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ACTIVITY: COST ALLOCATION PLAN

Suggestions for Presenters

1. Discuss with the participants why it is necessary to understand the principles of cost allocation. The purpose of a cost allocation plan is to summarize, in writing, the methods and procedures that an organization will use to allocate costs to various programs, grants, contracts, and agreements. Discuss the difference between a cost sharing plan and a cost allocation plan.
 - **Cost Sharing**, sometimes referred to as “matching,” is the portion of project costs not borne (reimbursed/funded) by the sponsor.
 - **Direct cost sharing** is the simplest form of cost sharing. Each partner pays its own expenses.
 - **Indirect cost allocation** occurs as partnerships move toward program integration and seamless service delivery, and cost sharing requirements become more intricate.
2. Ask participants to review the XYZ Company Model Cost Allocation Plan and the Early Learning Coalition of Southwest Florida, Inc. Cost Allocation Plan.
3. Ask participants to review the *Cost Sharing Plan Template: ABC Partnership* and discuss cost categories that would be included in their own partnership.
4. Ask participants to review and discuss the *Cost Allocation/Sharing Virginia Case Study* with the *Happy Days Budget*.

Materials Needed

- Easel, flip-chart paper and markers for each small group

Handouts

XYZ Company Model Cost Allocation Plan

www.ed.gov/about/offices/list/ope/trio/allocation-plan.pdf

Early Learning Coalition of Southwest Florida, Inc. Cost Allocation Plan

www.elcofswfl.org/downloads/exec/Agendas/Agenda%202007-04-16%20AI%20CAP.pdf

Cost Sharing Plan Template: ABC Partnership

Cost Allocation/Sharing Virginia Case Study: The Happy Days Budget

Happy Days Budget