

# Cost Allocation Plan

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## What is a cost allocation plan?

- A cost allocation plan is a written summary which shows how an organization allocates costs between two or more programs.
- An organization often has several allocation plans based on type of expenditure or how the expenditure is being used.
- There are many ways to allocate expenses. Some ways to allocate may be based on:
  - Time and effort
  - Composition of children in classroom
  - Square footage
  - Salaries and benefits

## When is an allocation plan used?

- An allocation plan is used when a cost cannot be identified to a particular cost objective (direct expensed). For example:
  - Salaries and benefits for a director, administrative position, or shared classroom teacher.
  - Rent or utilities paid for an administrative building or shared classroom.
  - Shared classroom supplies.
  - Transportation costs.
  - Indirect costs – costs for agency administrative position such as IT, HR, fiscal, payroll, and budget – these position support the agency programs.

## How might expenses be allocated?

- These are some of the ways in which expenses may be allocated:

Expense	Allocation based on:
Salaries and Benefits	Time and Effort
Salaries and Benefits Rent and Utilities Classroom supplies Transportation	Program slots (children) within the classroom
Rent and Utilities	Square Footage
Indirect Costs	Salaries and Benefits

To see examples of these allocation plans, please click [here](#).

## What will DEL ECEAP look for when reviewing your organization's allocation plan?

- A written allocation plan is in place.
- ECEAP's share is fairly represented and reasonable.
- Allocation plans are consistently applied to ECEAP expenditures.