GRANT COST ALLOCATION PLAN

On occasion Western Washington University receives funds from more than one funding source or receives funds from the same source for different activities or purposes. Decisions must be made about how to charge each fund source and/or each activity for its fair share of joint expenses based on benefit received. Fairness and equity is our goal in allocating costs among programs or activities.

Below are guidelines designed to aid departments in making decisions about how to appropriately allocate costs and how to develop a cost allocation plan.

When a department has a program with more than one funding source, or when more than one activity has the same funding source, a cost allocation plan must be developed to decide how to allocate joint costs for each program or activity within a department. The following steps are to be considered when developing a cost allocation plan.

- Define and identify all of the purposes or activities of the program. Determine what costs are to be allocated to what programs or activities. Some examples which might require a cost allocation plan include:
  - More than one type of program or activity
  - More than one level of service
  - More than one source of funds for the same program or activity
  - One source of funds and multiple programs or activities
  - Several locations for the same and/or different purposes or activities

All costs charged to awards must be allowable, reasonable and necessary.

- Determine whether costs are direct charges or shared charges. Direct charges are those costs that can be easily identified with one specific program or activity. Shared charges are those costs that benefit and are common to more than one program or activity. These costs cannot be identified with just one program or activity.

- Determine the basis and methodology for allocating costs. Basis is the yardstick that the allocation will be measured by. Examples are direct salary percentages, square footage, and number of employees or hours worked. Methodology is how the basis will be applied. For example, allocate monthly copy costs based on a log kept of the number of copies made for each program or activity.

Costs are allocated to each benefiting program or activity using the basis and methodology that most reasonably relates to those costs. Documentation must be maintained to support the decisions and calculations.