

<h1>ACF</h1> <p>Administration for Children and Families</p>	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration on Children, Youth and Families	
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Information Memorandum

- To:** State Agencies Administering or Supervising the Administration of Titles IV-B and IV-E of the Social Security Act
- Subject:** Technical Assistance for Developing Cost Allocation Methodologies for Multi-program Information System Projects
- Legal and Related References:** 45 CFR §95 Subparts E, F & G; 45 CFR §92, OMB Circular A-87; ASMB C-10 (HHS Implementation Guide for OMB Circular A-87)
- Purpose:** The purpose of this Information Memorandum (IM) is to notify States of a Cost Allocation Methodologies Toolkit that has been developed by the Administration for Children and Families' Office of Child Support Enforcement

Information:

Increasingly States are designing systems to administer several Federal and State programs simultaneously. Federal agencies use the Advance Planning Document (APD) process to receive and approve State agency requests for Federal Financial Participation (FFP) for system development projects. As part of the APD process, State agencies are required to submit cost allocation methodologies related to system planning and continuing through system development and operations. Cost allocation is a procedure that State agencies use to identify, measure, and equitably distribute costs among benefiting State and Federal programs.

As part of the Administration for Children and Families' ongoing efforts to provide technical assistance to States, the Office of Child Support Enforcement (OCSE) has developed a Cost Allocation Methodologies (CAM) Toolkit. The CAM Toolkit's purpose is to model a *simple, consistent, and objective* cost allocation methodology for multi-program system projects that will:

- Help States determine equitable distributions of software development costs to Federal and State benefiting programs over the system development lifecycle; and,
- Help expedite the Federal approval process for State Cost Allocation Plans.

The Toolkit is made up of the following products.

- CAM-TOOLKIT Handbook (MS Word 2000) – This component presents a comprehensive introduction for developing a cost allocation methodology. It contains practical guidance on preparing Cost Allocation Plans throughout the system lifecycle.
- CAM-TOOL (MS Excel 2000) – This is the actual tool and can be used to identify all Federal and State benefiting programs and to calculate an equitable distribution of software development costs among those benefiting programs.
- CAM-TOOL User Guide (MS Word 2000) - Contains the step-by-step procedures and screen displays to illustrate how to capture and analyze the data needed for cost allocation.

These products are now available on the OCSE website at:

<http://www.acf.hhs.gov/programs/cse>

The CAM Toolkit can be found under the *State System* sub-page.

We believe that if a State is implementing a multi-program information system (e.g., TANF, Child Support, Medicaid, Food Stamps, and Child Welfare), this tool will be useful in helping the State to develop a cost allocation methodology across the different program areas. However, the tool was not designed to allocate costs within the child welfare domain, and therefore it may not be useful for a stand-alone child welfare information system. We invite you to use this tool if you think it will be beneficial to you in developing an acceptable cost allocation methodology for your multi-program information system development efforts.

We look forward to receiving your feedback on these products. Please send comments and suggestions to Mike Rifkin (OCSE) at 202-401-6501 or email at mrifkin@acf.hhs.gov.

Joan E. Ohl
Commissioner
Administration on Children,
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