

Cost Allocation Demonstration

THE COST ALLOCATION METHODOLOGY (CAM) TOOL

MARCH 30, 2022



Division of State Systems

Federal Partners

Department of Health and Human Services



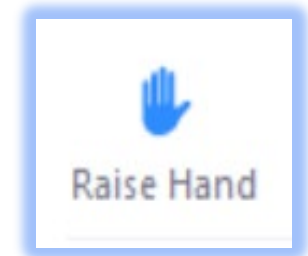
U.S. Department
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To ask questions during the presentation:

- Type them into the *Question and Answer* feature at the bottom or top of your screen.
- Ask over the phone using the *Raise Hand* feature and the presenter will unmute your phone line.
 - If you have called in using your phone, you can dial *9, and the presenter will unmute your line.



After today's webinar, email questions to Kimberly.Rosen@acf.hhs.gov.



Audience Poll #1

What is your primary program area?

(select one)

- ☐ Child Welfare
- ☐ Child Support Enforcement
- ☐ Medicaid
- ☐ Supplemental Nutrition Assistance Program (SNAP)
- ☐ Women, Infants, and Children (WIC) Program
- ☐ Temporary Assistance for Needy Families (TANF)
- ☐ Multiple program areas



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Audience Poll #2

Have you ever worked on cost allocation for a system that benefits multiple programs?

(select one)

- ☐ Yes
- ☐ No
- ☐ What's cost allocation?



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Audience Poll #3

Have you used the CAM Tool in the past?

(select one)

☐ Yes

☐ No



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Webinar Presenters

Presenters:

- Gregg Saxton, Lead Analyst, USDA/Food & Nutrition Service
- Gregory Jordan, Analyst, ACF/Office of Child Support Enforcement
- John Allison, State Officer, Centers for Medicare & Medicaid Services
- David Baker, Analyst, Federal Contract Support

Moderator:

- Philip Breitenbucher, Federal Contract Support



Agenda

- Overview
- Demonstration
- Comprehensive Child Welfare Information System (CCWIS) Considerations
- Questions and Answers
- Participant Survey



Cost Allocation Methodology

- For over 20 years, the federal partners in HHS and FNS have supported a standard cost allocation methodology for system projects.
- This methodology is guided by the principle that costs should be allocated among benefiting programs based on the level of effort required to include a program and not based on program size or funding, with an exception for very small programs.



The Happy Path

- For states that follow this methodology, this is “The Happy Path,” which should result in an expeditious approval of their approach.
- Alternatives to this methodology will have to be evaluated and need a consensus among all federal partners before approval.
- The federal partners developed the Cost Allocation Methodology (CAM) Tool to assist states in allocating system project costs that benefit more than one program in accordance with the methodology.
- There are five steps to the process.



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Current Guidance in a Nutshell – Step 1

- The project should be broken down into functional modules, sub-modules, and, in some cases, a further detailed level.
- The source material is generally found in the functional requirements in the RFP, the vendor proposal, and/or the resulting contract for Design, Development, and Implementation (DDI) services.
- That is where the labor hours or cost of these deliverables is broken out.
- Program Subject Matter Expert (SME) input is vital for documenting these requirements.



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Current Guidance in a Nutshell – Step 2

- All programs that benefit from the project are categorized as either large or small programs.
- Small programs are defined as those with less than 5 percent of the duplicated recipient count.
 - Duplicated – a person is counted for each program where they are a recipient.
 - Recipients, not cases.



Current Guidance in a Nutshell – Step 3

- Modules that only benefit one program should be direct charged to that program.
- Costs that are direct charged are tracked outside of those functional modules that are shared.



Current Guidance in a Nutshell – Step 4

- For modules that benefit more than one program, the cost is shared equally by the programs that benefit, except for small programs.
- Small programs pay their proportional share of the cost based on their percentage of recipients in the programs that benefit from that functionality, and the large programs split evenly what is left.
- Example: Two large and two small programs benefit from a system module. The two large programs have 60 and 33 percent, respectively, of the recipients, the two small programs have 3 and 4 percent. The two small programs pay their respective share, and each large program pays 46.5 percent of the cost that remains.



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Current Guidance in a Nutshell – Step 5

- Aggregate these costs to determine each program's percentage of all the shared modules.
- The percentage for each program derived from this process can now be used to request federal reimbursement for all project costs (i.e., staffing, contracts, software), except for the cost of modules that should be direct charged to one program.



CAM Tool

The CAM Tool was created to help state agencies with the math, but its use is not required.

This is not rocket science, so let's just do it!



CAM Tool Demonstration



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Updates to Project Cost Allocation

- There is not a requirement for periodic updates to the Cost Allocation Plan (CAP) that was initially approved. However, the following changes should make a revision necessary:
 - There is a change in the programs involved in the project.
 - There is a significant design change that affects the functionality.
 - There is a change in program eligibility rules that causes a significant increase or decrease in program participation.



Considerations for Child Welfare



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Child Welfare CAP – The Why

- The CAM Tool calculations are designed to use one single figure for the federal match rate for each benefiting program.
- Most federal programs have predetermined match rates. However, Child Welfare cost components frequently must be assessed further in relation to the several cost centers within Child Welfare to determine the match rate to be applied to a particular system development project.
- This worksheet documents any further breakdown by cost center and the overall resulting single figure to be used by the CAM Tool in high-level calculations at the program level.



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Child Welfare CAP – The How

- Provide a narrative description and a breakdown of calculations to support the specific match rate to be used on the CAP for this system development project.
- Document or reference the agency guidance used in the calculations.
- When an overall rate has been determined, enter it into the Benefiting Programs worksheet, then regenerate the CAP Summary and any CAP sections from the Shared Usage LOE (Level of Effort) worksheet.
- Ensure that the overall match rate used for CAP summaries and sections is correct.



Additional Steps for CCWIS

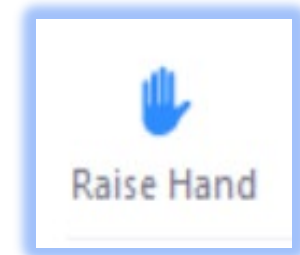
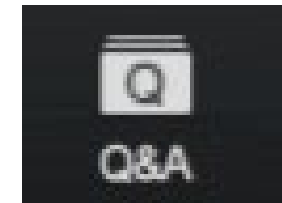
- CCWIS:
 - Different CCWIS components may receive different cost allocations.
 - For more information, see CCWIS [Technical Bulletin #5: CCWIS Cost Allocation](#).
 - Questions? Contact your [federal analyst](#).
- Non-CCWIS:
 - Some components (such as AFCARS and title IV-E eligibility determination) receive different cost allocations.
 - Contact your [federal analyst](#) for guidance.



Questions and Answers

Remember that you can use the *Question and Answer* button to type your comments and questions, or

Select *Raise Hand* to ask a question over the phone.



Wrapping Up – CAM Tool Website

- For additional information and to download the three CAM documents:
 - ✓ Handbook
 - ✓ User Guide
 - ✓ CAM Tool
- <https://www.fns.usda.gov/sso/cam-toolkit>



Webinar Satisfaction Survey

Participant Survey

Thank you for your time attending today's Federal Partners Webinar and for your valuable feedback!

The survey will take no more than 5 minutes to complete, and the results will be used to improve technical assistance and webinar content to support agencies that are building information systems.

- **All the questions are voluntary, and**
- **Your responses are anonymous.**

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