

**Illinois State Board of Education  
Nutrition Programs  
Budget Procedures  
Child and Adult Care Food Program  
Day Care Home Sponsoring Organization**

## **Allocation Plans**

If a sponsoring organization has more functions or programs in addition to the Illinois CACFP, the costs for the organization as a whole must be presented demonstrating the method of allocating the cost to the CACFP. Costs can be divided into two categories when multiple programs are involved, direct and indirect costs. Direct costs are costs for a related program, specifically. Indirect costs are costs that are shared by programs. The indirect costs are the costs requiring an allocation plan.

Regulation 230.50 (A)(4) states:

*Allocable costs. (a) A cost is allocated to a particular cost objective, such as a grant, contract, project, service, or other activity. In accordance with the relative benefits received.*

The allocation plan can be different for each individual cost or area. The allocation plan used must be chosen that most closely reflects the benefit to the CACFP. All allocation methods should be considered to evaluate which method most closely reflects the benefit to the CACFP. All allocation plans for multistate CACFP programs require Food and Nutrition Service approval in addition to state approval at the initial budget submission. All allocations plans must be submitted with the Schedule L List of Required Budget Attachments. If allocation plans change during the fiscal year, the revised allocation must accompany the revised budget submission.

### **Allocation Plans for Employee Costs Using Full-Time Equivalents**

If the institution engages in programs other than the CACFP or multiple states CACFP, it is likely that CACFP staff may also be engaged in more than one program. Direct costs of the CACFP would be costs for the CACFP alone. As an example, personnel employed as monitors for the CACFP exclusively would be presented in this category. In the budget schedule, the CACFP hours would agree to the total hours of the institutions. No entries would be in Column 11.

If an employee works in multiple programs, the CACFP hours worked (Column 7) would be less than the hours worked for the agency (Column 6). A secretary or director could be shared positions in a multiple program organization. For the budget, the presentation would reflect an "X" in Column 11 and the salary cost would be transferred to the prorated column of the budget. The allocation for any employee should be based on actual prior year performance through time sheet or time distribution reporting. It is acceptable to adapt the demonstrated time to reflect changes in job duties that plan to be implemented for the new budget year. Throughout the fiscal year, actual performance should be reviewed to assure that actual costs represented by completed time sheets or distribution reports are adhering to the budget pro-rations as approved. This can be accomplished with the information in the Schedule N Expenditure Review worksheet. If actual performance differs from the budget, a

revision and a revised allocation may be required before costs exceed approved budget lines.

Allocation plans are required to accompany the budget as a part of Schedule L List of Required Budget Attachments when the budget is originally submitted. The allocation plan should include the total agency salary projected for the employee and the method used to allocate costs to the CACFP as well as the other programs the institution is engaged in. Costs allocated to the Illinois CACFP cannot be presented as costs to any other program.

An example of a salary allocation plan follows:

Employee	Title	Salary	Total weekly hours	Total program hours per prior year timesheets period of 1/1 to 6/30			Percent allocated to CACFP	Salary allocated FY2008	Weekly hours allocated
				Total hours reported	CACFP	Day care referral			
John Doe	Director	\$50,000	40	2080	1100	980	52.88%	\$26,442	21.15
Jane Doesitall	Assistant	\$25,000	30	1560	1000	560	64.10%	\$16,026	19.23
Sally Cacfp	Monitor	\$30,000	40	2080	2080	0	100.00%	\$30,000	40.00
Totals		\$105,000						\$72,468	

Formulas for columns using John Doe as example

$$=1100/2080$$

$$=0.5288*50000$$

$$=0.5288*40$$

Full-time equivalents (FTEs) allocation could be used for costs in other categories if it most closely reflects the cost benefit to the CACFP.

Employee Benefits should always be allocated according to the same allocation as the employee the cost is associated. For *Organizational Benefits Costs*, total FTEs for the CACFP should be used in relation to the FTEs for the organization. As in the earlier allocation example in the *Salaried Employee* section, John Doe's total salary pro-ration for his allowable CACFP health insurance cost would be  $\$26,442 \div \$50,000$  or 52.88 percent. The rate would be presented for each benefit he receives as an allowable cost of the CACFP.

Organization Benefits should use the allocation of the total CACFP salary and wages versus the total salaries and wages of the organization. In the earlier allocation example for Organization Benefits, the pro-ration of benefits would be  $72,468 \div 105,000$  or 69 percent.

Travel Expenses should be allocated according to the cost of the trip that was 100 percent CACFP versus the cost of the trip in its entirety. All less-than-100 percent CACFP events require specific prior written approval in addition to budget presentation.

## Allocation Plans Using Square Foot Calculations

When there are physical space divisions between programs, the generally acceptable method would be using square footage allocations. If the same space is used for more than one program, using FTEs based on the payroll allocations for the employees in the shared area would be more appropriate. Appropriate costs using the square foot allocation would be most costs in the occupation area. To calculate the square foot calculation, the square feet of the entire organization area would be designated for each program. The formula would be as follows:

$$\text{Square Foot of CACFP} \div \text{Square Foot of Organization} \times \text{Shared Cost}$$

The square feet for the non-CACFP programs must also be identified. The following is an example of a square foot calculation:

CACFP space	400 square feet	40%
Day care referral	600 square feet	60%
Total organization space	1000 square feet	100%

If there was a common area for both programs, the CACFP would be allocated using both square feet and FTE as demonstrated with the following example:

Total organization space	1000 square feet	100%
CACFP space	350 square feet	35%
Day care referral	550 square feet	55%
Common area	100 square feet	10%
Total organization space		100%

From FTE example, Jane Doesitall is a common employee of both programs.

CACFP space = 35% of cost + (1000 ÷ 1560) X 10% of cost	41%
Day care referral space = 55% + (560 ÷ 1560) X 10% of cost	59%
Total organization space	100%

## Allocation Using the Program Revenue

Costs of liability insurance between programs might more accurately be reflected by the revenue a program is producing in relation to other programs; using program revenue for allocating cost might be more appropriate. Examples could be liability insurance, fidelity insurance, or other costs directly related to program revenue. Using FTE calculations for employees might also be evaluated for best demonstration. The program revenue generated by each program would need to be compared to the revenue of the organization as a whole.

This is an example of the allocation to the CACFP:

CACFP program revenue	1,000,000
Day care referral	400,000
Total program revenue	1,400,000

The allocation of costs to the CACFP would be as follows:

CACFP 1,000,000 ÷ 1,400,000	71%
Day care referral 400,000 ÷ 1,400,000	29%
Total	100%

### **Other Options for Allocation**

The acceptable allocation plan must be the plan that most closely represents the benefit to the CACFP. If another method of allocation presents itself, the sponsor should present that method with the Schedule L for the related costs during the budget approval process.

An example of another acceptable allocation would be for copier costs if a usage card is used. The actual usage for a given period could be compared to the other program usage to arrive at a reasonable method of allocation.

The following is an example of such an allocated cost:

Annual CACFP copier usage	2500 copies
Annual day care referral copier usage	500 copies
Annual total copies	3000 copies

The charge for the copier would be as follows:

CACFP usage	2500 ÷ 3000	83%
Day care usage	500 ÷ 3000	16%
Total usage		100%