BACKGROUND

N/A

POLICY

Federal reimbursement is available for direct and certain indirect costs that a State incurs in operating a Title IV-D program. In order to be eligible for reimbursement of indirect costs, the state must file and receive approval of a cost allocation plan. The State may only claim reimbursement in accordance with the approved cost allocation plan.

The cost allocation plan must:

1. Describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency;
2. Contain sufficient detail to permit an informed judgment on the correctness and fairness of the State’s procedures for identifying, measuring, and allocating all costs to each of the programs;
3. Conform to the accounting principles and standards prescribed in 2 C.F.R. § 200, and other pertinent regulations and instructions;
4. Be compatible with the Title IV-D State Plan;
5. The cost allocation plan shall contain the following information:
   a. An organizational chart showing the placement of each unit whose costs are charged to the programs operated by the State agency;
   b. A listing of all federal and all non-federal programs performed, administered, or serviced by these organizational units;
   c. A description of the activities performed by each organizational unit and, where not self-explanatory, an explanation of the benefits provided to federal programs;
   d. The procedures used to identify, measure, and allocate all costs to each benefiting program and activity (including activities subject to different rates of Federal Financial Participation (FFP));
   e. The estimated cost impact resulting from the proposed changes to a previously approved plan;
   f. A statement stipulating that wherever costs are claimed for services provided by a governmental agency outside the State agency, that they will be supported by a written agreement including, at a minimum:
      i. The specific service(s) being purchased; and
      ii. The basis upon which the billing will be made by the provider agency.

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1 45 C.F.R. § 95.517
2 45 C.F.R. § 95.507
Section 5: Cost Allocation Plan

6. Other necessary information establishing the validity of the procedures used to identify, measure, and allocate costs to all programs operated by the state agency.

Cost allocation plans are also applicable to the counties in claiming indirect costs.3

REFERENCES

- 45 C.F.R. § 95.507: Plan requirements
- 45 C.F.R. § 95.517: Claims for Federal Financial Participation

PROCEDURE

N/A

FORMS AND TOOLS

1. IV-D Expense Reporting and Reimbursement Complete Guide

FREQUENTLY ASKED QUESTIONS

N/A

RELATED INFORMATION

N/A

REVISION HISTORY

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3 See Chapter 2: Funding, Section 2: Federal Financial Participation (FFP)
renumbered Section, updated hyperlinks.