

## Cost Allocation

Cost allocation is a process of assigning a cost to an item shared by two or more programs. The goal is to ensure that each program bears its fair share, and only its fair share, of the total cost of the item. In Head Start grantee agencies, cost allocation refers to the allocation of costs to various sources of funding, not to accounting categories. Programs that have multiple funding sources need to have a way to assign costs to the correct payment stream.



## Learning Outcomes

- ★ Participants will receive an overview of cost allocation requirements;
- ★ Participants will better understand and acquire information about developing cost allocation bases;
- ★ Participants will better understand the requirements of the appropriations law as it pertains to cost allocation; and
- ★ Participants will gain further insight and understanding of the audit requirements.

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**Presented by:**

**Perry Davis, MBA, T/TAS Finance & Management Specialist**

**or**

**J. Christopher Watkins, MA, MBA, T/TAS Executive Director,  
Management Specialist**

**Training & Technical Assistance Services at Western Kentucky University**

1906 College Heights Blvd #11031, Bowling Green, Kentucky 42101-1031

Phone: 800.882.7482 | Web: [www.ttas.org](http://www.ttas.org) | Email: [ttas.info@wku.edu](mailto:ttas.info@wku.edu)

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