FIN 2.08 Cost allocation criteria and metrics

The criteria for determining the costs to be allocated through the GFOH include:

- If an immediate price signal is not important to moderate demand for a particular service,
- If usage is stable or fixed,
- If the cost of the service is stable or fixed,
- If the dollar amount of the service is minimal, or
- If the service or activity is delivered in a transition period in which demand is difficult to predict.

The cost allocation system shall include a methodology that provides for the stability, predictability and equity of charges – in that order of priority. The primary metrics available to be used for allocating costs are the size of an agency's budget and the number of full-time equivalent employees. Transactional metrics may be used in those cases where it is clear that transactions are a measure of the actual costs of the service to be allocated, such as number of contracts processed for purchasing costs.

To provide stability to costs allocated through the GFOH model, a three-year rolling average will be used for the metrics. Following the close of each fiscal year, Financial Planning will update the GFOH model based on actual metrics from the prior fiscal year. The updated model will be the basis for allocating the cost of GFOH services.