Basic Steps of a Cost Model

1. Assemble Financial and Operational Information
2. Identify Services and Project Usage
3. Develop Personnel Effort Allocation Report
4. Isolate Allowable Cost Components
5. Include Prior Years Surplus or Deficit
6. Assign Traceable and Allowable Costs
7. Determine Total Cost of Each Service
8. Divide Service Costs by Projected Usage
9. Evaluate Rates at Full Cost and Adjust if Necessary
10. Rates May be Charged at Less Than Full Costs via a Subsidy
11. Rates May Not Reflect More Than Actual Cost