

# Activity Based Costing

April 7, 2011



## Project Summary

As a result of the recent recession and the end of federal stimulus funding, the State of Ohio faces a deficit of \$8.4 Billion in the next biennial budget for State Fiscal Years (SFY) 2012 and 2013. In order to bring the deficit under control, the proposed biennial budget contains deep reductions in funding for state agencies that provide services to Ohio's citizens.

## Project Goal

The main objective of the Activity Based Costing (ABC) project is to create an activity based costing tool to determine the cost of doing business.

The team has the following objectives it wants this Project to fulfill:

Create a tool that provides State Agencies with the data elements needed to determine the cost of doing business

- Provide a basic tool to calculate cost of doing business
- Provide a real-world example of the tool results

## Project Outcome

The deliverables for this project are as follows:

- Define Requirements
- Determine data elements used to determine cost of doing business
- Develop/Determine Calculations used in the tool

- Create an electronic tool to determine the cost of doing business
- Perform Testing & Validation

## Project Benefits

With current budget shortfalls and our state government's commitment to financial accountability it's managers must be able to determine the financial feasibility of daily work processes. A tool or method to determine financial feasibility should be created and available for all state agency managers.

## Project Team

For more information about this project, contact team members

- Paul Glock — [Paul.Glock@jfs.state.oh.us](mailto:Paul.Glock@jfs.state.oh.us)
- Herschel Elkins – [Herschel.Elkins@jfs.ohio.gov](mailto:Herschel.Elkins@jfs.ohio.gov)
- Vivian rice — [Vivian.Rice@mh.state.oh.us](mailto:Vivian.Rice@mh.state.oh.us)
- Rick Smith— [Rick.Smith@dot.ohio.gov](mailto:Rick.Smith@dot.ohio.gov)
- Mentor – Coach: Nelson Gonzalez

