Cost Centers Overview

## General

**Definition and Use**: Cost Centers are cost objects in the Controlling Area of GFEBS that reflect an organization’s command and control structure where costs are incurred. The organizational unit can be defined based on functional requirements, allocation criteria, physical location, or responsibility for costs. Cost Centers represent the organization’s hierarchical structure found in its Table of Distribution and Allowance (TDA) or Table of Organization and Equipment (TO&E).

Cost Centers:

* Clearly define a responsibility area where costs are incurred
* Enable informal funds distributions from Funds Centers to subordinate organizations with the related Cost Center group.
* Do reflect the organizational structure, which usually follows the chain of command.
* Are organized into Cost Center groups based on the organization structure. Each Cost Center group is usually related to one Funds Center.
* Can be funded by Funds Centers outside an organization’s Funds Center structure.

**Structure and Critical Fields**: The GFEBS Cost Center data element is 10 numeric characters. Derivation rules are used to map each Cost Center group to a Funds Center.

## Cost Center Master Data Element Examples

Cost Center codes are sequentially numbered, as shown in the example below (Army Research Institute under the Office of the Secretary of the Army, Administrative Assistant). See Figure 1 for an example of Cost Center Group hierarchy.

##### Army Research Institute Funds Center (A22 ARI) Director, Army Research Institute Cost Center (30000195)

|  |  |  |
| --- | --- | --- |
| Position | Represents | Example |
| 1-10 | Cost Center | 30000195 (Director, Army Research Institute) |
|  |  |  |

Figure 1. Cost Center Group Hierarchy and Funds Center Hierarchy

