Using the following example, allocate service center costs to each of the three revenue centers using the step-down method:

 Full-time

 Costs Square Feet Meals Employees

Service Centers

Maintenance $ 150,000 ---- 2,500 10

Dietary 400,000 10,000 ---- 15

Administrative 600,000 20,000 2,500 10

Revenue Centers

Laboratory 600,000 30,000 2,500 20

Radiology 800,000 40,000 2,500 30

Nursing 2,000,000 100,000 30,000 50

 $ 4,550,000 200,000 40,000 135