



State of New Jersey

DEPARTMENT OF THE TREASURY
OFFICE OF MANAGEMENT AND BUDGET
P. O. Box 221
TRENTON, NEW JERSEY 08625-0221

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LYNN AZARCHI
Acting Director

Telephone (609) 292-6746 / Facsimile (609) 633-8179

TO: Department Chief Fiscal Officers

FROM: Lynn Azarchi *LA*
Acting Director

DATE: April 26, 2021

SUBJECT: United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2021, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2021

The 2021 Exhibit A of the enclosure reflects departmental allocations of central support service costs agreed to by the State of New Jersey and the United States Department of Health and Human Services (HHS).

The fringe benefit rate of 45.6 percent reflected in the addendum is for fiscal year 2021. This rate is to be applied to base salaries including vacation, holiday, and sick pay, but excluding overtime pay. The rate is applicable to members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Teachers' Alternate Benefit Plan (ABP), and employees who are not members of a pension plan but are covered for health benefits. A rate of 81.4 percent for the Police and Firemen's Retirement System (PFRS) has also been negotiated.

These rates are for use in computing actual direct charges as well as for estimating charges to federal and other non-state funded programs. In addition, the rate is to be used to develop fringe benefit costs for inclusion in indirect cost rate proposals.

The employer's share of FICA taxes is not included in these fringe benefit rates. This cost is to be provided for in billings, estimates and indirect cost rate proposals at the rate prescribed by the federal government applied to taxable wages. The rate for calendar year 2020 is 7.65 percent of the first \$137,700 paid to each employee and 1.45 percent for gross wages above \$137,700.

Schedule A-1 of the enclosure reflects the plant operation and maintenance costs that represent occupancy costs of State-owned buildings allocated to grantee agencies for the year 2021. These costs for inclusion in agency indirect rate proposals must be treated by the agency as either direct or indirect costs consistent with treatment in prior years of similar costs charged to federal programs.

Fiscal Officers
Page 2
April 26, 2021

The enclosed information is being furnished to become part of your indirect cost rate proposal to be submitted to your cognizant federal agency within six months after the close of each fiscal year. Departments and agencies are reminded that it is the State's policy and each agency's responsibility to maximize the recovery of indirect costs. In all cases where non-state funded programs permit the recovery of indirect costs, agencies shall prepare and negotiate indirect cost rate proposals as required. Agencies shall apply the approved indirect cost rate to the appropriate base and transmit all recoveries of indirect costs to the Department of the Treasury.

A copy of the original proposal, which covers the Statewide Cost Allocation for the fiscal year ending June 30, 2021 as submitted to HHS, will be accessible on the State's website via: <https://www.nj.gov/treasury/omb/njcfsmmanuals.shtml>. If you require additional information related to this proposal, please contact Jeffrey DeCicco via e-mail at jeffrey.decicco@treas.nj.gov or by telephone at 609-292-3022.

Copies of each agency's indirect cost rate proposal and resulting negotiation agreement are to be forwarded to the Director, Division of Budget and Accounting. Departments or agencies that fail to furnish this information may not be eligible to be allocated a portion of indirect costs recovered by them during the fiscal year ending June 30, 2021.

JCD/nm
Attachments

COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS

STATE/LOCALITY:
State of New Jersey
Department of the Treasury
Trenton, New Jersey 08625

DATE: December 21, 2020

FILING REF.: The preceding
Agreement was dated 5/26/2020

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibits A and A-1, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended June 30, 2021 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. Rent
2. Telephone
3. Insurance
4. Postage
5. Central Stores
6. Central Motor Pool
7. Office of Information Technology
8. FICA*
9. Legal Services
10. Plant Operation and Maintenance
11. Capitol Complex Security
12. Division of Revenue and Enterprise Services

*Fringe benefit rates (exclusive of FICA) have been negotiated for the fiscal year ending June 30, 2021. See the Addendum to the Cost Allocation Agreement.

STATE/LOCALITY: State of New Jersey

DATE: December 21, 2020

Section III: CONDITIONS

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. **LIMITATIONS:** (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200). (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. **ACCOUNTING CHANGES:** This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. **FIXED AMOUNTS:** If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. **BILLED COSTS:** Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by 2 CFR 200, will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. **USE BY OTHER FEDERAL AGENCIES:** This Agreement was executed in accordance with the authority in 2 CFR 200, and should be applied to grants, contracts and other agreements covered by 2 CFR 200, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

STATE/LOCALITY: State of New Jersey
DATE: December 21, 2020

F. SPECIAL REMARKS:

See Addendum

ACCEPTANCE:

BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON
BEHALF OF THE FEDERAL GOVERNMENT:

State of New Jersey
State/Locality

DEPARTMENT OF HEALTH & HUMAN
SERVICES
(AGENCY)

Lynn Azarchi
(Signature)

Darryl W. Mayes -S
(Signature)
Digitally signed by Darryl W. Mayes -S
DN: c=US, o=U.S. Government, ou=HHS, ou=PSC,
ou=People, ou=2342.19200300.100.1.1=2000131669,
cn=Darryl W. Mayes -S
Date: 2021.03.02 07:23:09 -05'00'

Lynn Azarchi
(Name)

Darryl W. Mayes
(Name)

Acting Director
(Title)

Deputy Director, Cost Allocation Services
(Title)

March 12, 2021
(Date)

December 21, 2020
(Date)

HHS Representative: Pamela Page

Telephone: 214-767-6505

ADDENDUM TO COST ALLOCATION AGREEMENT

December 21, 2020
Agreement Reference Date

INSTITUTION: State of New Jersey
 Department of the Treasury

ADDRESS: Trenton, New Jersey 08625-0224

FRINGE BENEFIT RATE

<u>Type</u>	<u>From</u>	<u>TO</u>	<u>Rate*</u>	<u>Locations</u>	<u>Applicable To</u>
Fixed	07/01/2020	06/30/2021	45.6%	All	All Programs (1)
Fixed	07/01/2020	06/30/2021	81.4%	All	All Programs (2)

*Base: Direct salaries and wages excluding overtime and part-time workers. (See comments below - Notes 3 and 5)

Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs. (See comments below - Note 4)

Fringe benefit rates of 45.6% and 81.4% are approved on a fixed basis for the fiscal year ending June 30, 2021, and should be used by grantee agencies for the following purposes:

- (a) For budgeting purposes on grant award applications.
- (b) For billing purposes.
- (c) For inclusion in their indirect cost rate proposal and must be treated as either direct or indirect cost consistent with treatment accorded similar costs charged to the Federal Programs.

Note 1:

The fringe benefit rate of 45.6% is calculated based on all direct salaries and wages exclusive of the following group of employees:

- Judicial
- Prison Officers
- State Police
- Police and Firemen

Note 2:

The fringe benefit rate of 81.4% is calculated based only on the direct salaries and wages of Police and Firemen.

ADDENDUM TO COST ALLOCATION AGREEMENT

December 21, 2020
Agreement Reference Date

INSTITUTION: State of New Jersey
Department of the Treasury

ADDRESS: Trenton, New Jersey 08625-0224

Note 3:

Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal costs for salaries and wages. Separate claims for the costs of these absences are not made.

Note 4:

The following fringe benefits are included in the fringe benefit rates:

- Pension
- Health Benefits
- Unemployment Insurance
- Earned and Unused Sick Leave Payments
- Prescription Drug Program
- Dental Care Program
- Vision Care
- Temporary Disability Insurance
- Workers' Compensation

Note 5:

The fringe benefit rates are applied to salaries and wages of personnel that are included in the pension and/or health benefit plan.

In addition to the fringe benefits included in the fringe benefit rate, Social Security Taxes (FICA) are specifically identified to each employee and are charged individually as direct costs.

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2019-2021
 Summary of Fixed Allocations for the year ending June 30, 2021

Name of Agency Receiving Central Support Services	Office of the State Auditor (OSA)	Office of Management & Budget (OMB)	Civil Service Commission (CSC) *	Division of Risk Management (RiskMgmt)	Office of Employee Relations (OER)	Division of Purchase & Property (DPP)	Totals
Legislative Branch (excluding Office of the State Auditor)	-	58,495	119,402	13,072	14,249	66,330	271,548
Office of the Chief Executive	-	5,523	23,385	(779)	2,837	-	30,967
Department of Agriculture	-	368,012	64,747	3,418	7,726	105,681	549,583
Department of Banking & Insurance	(422,168)	37,443	142,065	12,233	16,954	61,736	(151,737)
Department of Children & Families	497,803	819,649	2,127,432	170,320	253,171	609,837	4,478,212
Department of Community Affairs	657,397	99,393	267,212	12,115	31,981	104,440	1,172,538
Department of Corrections	512,902	433,907	2,729,634	366,365	324,731	2,105,425	6,472,963
Department of Education	2,536,338	474,074	213,560	17,691	25,737	158,777	3,426,177
Department of Environmental Protection	1,096,521	541,107	864,800	107,222	103,229	1,003,113	3,715,992
Department of Health	631,653	907,123	2,090,237	1,936,511	237,254	2,677,027	8,479,806
Department of Human Services	1,008,557	345,099	1,665,257	(527,754)	212,050	337,672	3,040,881
Department of Labor & Workforce Development (excluding Civil Service Commission)	(618,791)	434,101	793,445	24,410	94,936	220,180	948,280
Department of Law & Public Safety	266,555	631,824	2,446,650	257,283	291,456	1,402,630	5,296,398
Department of Military & Veterans' Affairs	(547,442)	235,147	466,071	184,280	55,470	1,294,880	1,688,405
Department of State	1,394,592	121,573	3,076,871	201,446	365,409	117,453	5,277,344
Department of Transportation	1,179,955	869,034	1,704,369	252,886	202,546	1,715,676	5,924,466
Department of the Treasury (excluding Central Support Services)	841,873	2,101,626	1,348,496	53,554	160,559	829,489	5,335,598
Office of Information Technology	(157,073)	(1,107)	160,514	-	19,610	92,515	114,459
Other Departments and Agencies	3,337,349	1,262,441	312,710	62,604	37,323	228,707	5,241,134
Judicial Branch	-	969,397	2,862,215	152,982	340,521	1,695,417	6,020,532
Totals	12,216,021	10,713,861	23,479,072	3,299,858	2,797,748	14,826,986	67,333,546

NOTES:

* Formerly Department of Personnel

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2019-2021
Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2021

Name of Agency Receiving Central Support Services	FY2021 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$ 5,468,255
Office of the Chief Executive	893,062
Department of Agriculture	910,648
Department of Banking & Insurance	1,495,120
Department of Children & Families	808,996
Department of Community Affairs	2,313,814
Department of Corrections	-
Department of Education	711,847
Department of Environmental Protection	4,634,977
Department of Health	1,021,747
Department of Human Services	1,649,690
Department of Labor & Workforce Development (excluding Civil Service Commission)	-
Department of Law & Public Safety	4,978,213
Department of Military & Veterans' Affairs	-
Department of State	2,299,463
Department of Transportation	4,470,926
Department of the Treasury (excluding Central Support Services)	8,163,653
Office of Information Technology	553,936
Other Departments and Agencies	13,125,135
Judicial Branch	2,791,612
Totals	<u>\$ 56,291,094</u>

NOTES:

Physical Plant Operations and Maintenance costs for service, which represent occupancy costs of State-owned buildings allocated to grantee agencies for inclusion in their indirect cost rate proposals, must be treated by the agency as either direct or indirect costs consistent with the treatment of similar (rental) costs charged to federal government programs.