



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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Governor

FORD M. SCUDDER
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DAVID RIDOLFINO
Acting Director

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

TO: Department Chief Fiscal Officers

FROM: David Ridolfino
Acting Director

DATE: November 2, 2017

SUBJECT: United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2018, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2018

The 2018 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 43.0 percent reflected in the addendum is for fiscal year 2018. 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 55.8 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 2017 is 7.65 percent of the first \$127,200 paid to each employee and 1.45 percent for gross wages above \$127,200.

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 2018. 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.

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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, 2018 as submitted to HHS, will be accessible on the State's website via: <http://www.state.nj.us/treasury/omb/newsletters/index.shtml#grantinformationarchives>. 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 will not be eligible to be allocated a portion of indirect costs recovered by them during the fiscal year ending June 30, 2018.

JFK/nm
Attachments

**COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS**

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

DATE: October 24, 2017

FILING REF.: The preceding
Agreement was dated 11/03/2016

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, 2018 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, 2018. See the Addendum to the Cost Allocation Agreement.

State of New Jersey
October 24, 2017

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 of New Jersey
October 24, 2017

F. SPECIAL REMARKS:

See Addendum

BY THE STATE/LOCALITY:

State of New Jersey
State/Locality


(Signature)

David Bidolfino
(Name)

Acting Director
(Title)

10/27/17
(Date)

BY THE COGNIZANT AGENCY ON
BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH & HUMAN SERVICES
(AGENCY)

Darryl W. Mayes - Digitally signed by Darryl W. Mayes - A
DN: cn=Darryl W. Mayes - A, o=U.S. Government, ou=HHS, ou=PHS,
ou=Program, ou=2342.18238100, ou=1-2008111609,
ou=Darryl W. Mayes - A,
Date: 2017.10.24.21.31.31 -04'00'
A
(Signature)

Darryl W. Mayes
(Name)

Deputy Director, Div. of Cost Allocation
(Title)

October 24, 2017
(Date)

HHS Representative: Michael Stack

Telephone: 212-264-0944

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ADDENDUM TO COST ALLOCATION AGREEMENT

October 24, 2017
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	07/01/2017	06/30/2018	43.0%	All	All Programs (1)
Fixed	07/01/2017	06/30/2018	55.8%	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 43.0% and 55.8% are approved on a fixed basis for the fiscal year ending June 30, 2018, 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 43.0% 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 55.8% is calculated based only on the direct salaries and wages of Police and Firemen.

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ADDENDUM TO COST ALLOCATION AGREEMENT

October 24, 2017
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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 cost 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 2016-2018
 Summary of Fixed Allocations for the year ending June 30, 2018

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)	-	\$100,466	\$78,135	\$3,405	\$7,878	\$26,564	\$216,448
Office of the Chief Executive	-	6,487	17,764	(554)	1,749	-	25,447
Department of Agriculture	-	641,786	43,198	11,323	4,371	43,997	744,675
Department of Banking & Insurance	262,889	69,198	90,747	2,297	9,096	27,956	462,183
Department of Children & Families	(763)	1,437,872	1,343,374	222,155	135,742	488,498	3,626,877
Department of Community Affairs	(506,518)	490,088	187,479	24,903	18,971	316,725	531,647
Department of Corrections	(1,088,486)	692,537	1,647,729	437,215	165,143	1,353,525	3,207,664
Department of Education	1,482,918	720,409	158,951	(201,449)	15,923	105,403	2,282,156
Department of Environmental Protection	971,595	844,404	567,176	91,207	57,124	617,407	3,148,913
Department of Health	-	361,785	205,686	51,088	20,476	160,271	799,306
Department of Human Services	2,003,414	1,532,817	1,872,019	1,440,722	178,766	1,517,653	8,545,392
Department of Labor & Workforce Development (excluding Civil Service Commission)	1,058,376	1,032,711	503,029	40,469	49,842	155,743	2,840,169
Department of Law & Public Safety	1,248,261	1,054,012	1,563,049	254,699	157,748	904,285	5,182,055
Department of Military & Veterans Affairs	5,056	370,292	282,146	75,509	28,227	597,414	1,358,644
Department of State	(455,096)	196,117	1,026,779	433,403	219,891	60,254	1,481,348
Department of Transportation	1,043,262	1,489,208	1,026,297	204,141	103,227	1,452,711	5,318,848
Department of the Treasury (excluding Central Support Services)	-	2,623,661	774,172	24,230	76,572	516,668	4,015,303
Office of Information Technology	1,654,617	(746)	169,310	-	17,364	102,243	1,942,787
Other Departments and Agencies	2,430,291	3,757,680	286,820	22,393	26,649	188,155	6,711,987
Judicial Branch	(81,400)	1,586,175	1,774,642	115,262	178,825	1,275,619	4,849,122
Totals	\$10,028,416	\$19,006,960	\$13,618,503	\$3,252,418	\$1,473,583	\$9,911,080	\$57,290,971

NOTES:

* Formerly Department of Personnel

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2016-2018
 Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2018

Name of Agency Receiving Central Support Services	FY2018 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$4,382,679
Office of the Chief Executive	1,837,584
Department of Agriculture	729,864
Department of Banking & Insurance	1,198,304
Department of Children & Families	648,391
Department of Community Affairs	1,854,469
Department of Corrections	-
Department of Education	191,768
Department of Environmental Protection	3,714,826
Department of Health	818,900
Department of Human Services	1,322,188
Department of Labor & Workforce Development (excluding Civil Service Commission)	-
Department of Law & Public Safety	3,989,929
Department of Military & Veterans Affairs	-
Department of State	3,710,561
Department of Transportation	3,583,344
Department of the Treasury (excluding Central Support Services)	6,542,981
Office of Information Technology	443,967
Other Departments and Agencies	10,519,491
Judicial Branch	2,237,413
Totals	\$47,726,658

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.