



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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DAVID RIDOLFINO
Acting Director

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

TO: Department Chief Fiscal Officers

FROM: David Ridolfino
Acting Director

DATE: October 15, 2018

SUBJECT: United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2019, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2019

The 2019 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 41.4 percent reflected in the addendum is for fiscal year 2019. 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 66.4 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 2018 is 7.65 percent of the first \$128,400 paid to each employee and 1.45 percent for gross wages above \$128,400.

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 2019. 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, 2019 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, 2019.

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: September 18, 2018

FILING REF.: The preceding
Agreement was dated 10/24/2017

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, 2019 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, 2019. See the Addendum to the Cost Allocation Agreement.

State of New Jersey
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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.

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F. SPECIAL REMARKS:

See Addendum

BY THE STATE/LOCALITY:

State of New Jersey
State/Locality


(Signature)

David Ridolfino
(Name)

Acting OMB Director
(Title)

10/3/18
(Date)

BY THE COGNIZANT AGENCY ON
BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH & HUMAN SERVICES
(AGENCY)

Darryl W.
Mayes -S
(Signature)

Digitally signed by Darryl W. Mayes -S
DN: cn=US, o=U.S. Government, ou=HHS,
ou=PSC, ou=People,
0.9.2342.19200300.100.1.1=2000131669,
cn=Darryl W. Mayes -S
Date: 2018.09.19 08:23:03 -0400

Darryl W. Mayes
(Name)

Deputy Director, Cost Allocation Services
(Title)

September 18, 2018
(Date)

HHS Representative: Michael Stack

Telephone: 212-264-0944

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ADDENDUM TO COST ALLOCATION AGREEMENT

September 18, 2018
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	07/01/2018	06/30/2019	41.4%	All	All Programs (1)
Fixed	07/01/2018	06/30/2019	66.4%	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 41.4% and 66.4% are approved on a fixed basis for the fiscal year ending June 30, 2019, 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 41.4% 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 66.4% is calculated based only on the direct salaries and wages of Police and Firemen.

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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 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 2017-2019
 Summary of Fixed Allocations for the Fiscal Year Ending June 30, 2019

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)	-	79,725	85,986	4,481	7,613	27,930	205,735
Office of the Chief Executive	-	5,324	21,245	1,553	1,868	-	29,990
Department of Agriculture	-	538,864	47,622	4,700	4,251	34,412	629,850
Department of Banking & Insurance	857,751	74,794	100,768	1,773	8,876	57,894	1,101,857
Department of Children & Families	293,353	1,120,555	1,472,243	247,243	130,830	513,257	3,777,480
Department of Community Affairs	292,304	570,116	203,497	23,639	18,068	152,029	1,059,653
Department of Corrections	(643,826)	589,854	1,854,920	565,791	164,124	1,549,703	4,080,565
Department of Education	1,035,617	620,742	177,937	14,937	15,700	128,745	1,993,678
Department of Environmental Protection	443,625	805,897	625,073	74,005	55,348	540,471	2,544,419
Department of Health	74,621	381,601	231,341	30,469	20,235	257,030	995,297
Department of Human Services	3,162,511	1,425,246	2,473,602	1,666,792	215,704	2,263,743	11,207,598
Department of Labor & Workforce Development (excluding Civil Service Commission)	1,064,436	893,595	578,322	62,371	50,636	300,416	2,949,775
Department of Law & Public Safety	(596,060)	994,961	1,724,558	443,560	153,256	1,153,739	3,874,014
Department of Military & Veterans' Affairs	1,112,280	354,943	318,963	137,930	28,218	798,236	2,750,571
Department of State	(1,789)	194,611	2,080,123	343,982	185,748	83,921	2,886,595
Department of Transportation	(437,538)	1,256,260	1,154,617	224,361	102,740	1,782,265	4,082,706
Department of the Treasury (excluding Central Support Services)	-	3,298,265	910,776	99,112	79,978	555,944	4,944,074
Office of Information Technology	1,142,999	9,150	165,902	-	14,791	60,261	1,393,102
Other Departments and Agencies	1,121,077	1,520,627	254,967	485	23,487	174,726	3,095,370
Judicial Branch	-	1,534,871	1,958,410	164,975	173,638	1,515,556	5,347,449
Totals	8,921,362	16,070,001	16,440,872	4,112,160	1,455,109	11,950,276	58,949,779

NOTES:

* Formerly Department of Personnel

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2017-2019
 Physical Plant Operations & Maintenance Fixed Allocations for the Fiscal Year Ending June 30, 2019

Name of Agency Receiving Central Support Services	FY2019 Allocation
Legislative Branch (excluding Office of the State Auditor)	5,106,507
Office of the Chief Executive	(358,665)
Department of Agriculture	850,406
Department of Banking & Insurance	1,396,211
Department of Children & Families	755,477
Department of Community Affairs	2,160,746
Department of Corrections	
Department of Education	223,440
Department of Environmental Protection	4,328,354
Department of Health	954,148
Department of Human Services	1,540,556
Department of Labor & Workforce Development (excluding Civil Service Commission)	
Department of Law & Public Safety	4,648,890
Department of Military & Veterans' Affairs	
Department of State	4,323,384
Department of Transportation	4,175,156
Department of the Treasury (excluding Central Support Services)	7,623,596
Office of Information Technology	517,291
Other Departments and Agencies	12,256,853
Judicial Branch	2,606,936
Totals	<u><u>53,102,987</u></u>

NOTES:

Physical Plant Operations & 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.