I. AUTHORITY FOR COST RECOVERY

As provided in the Annual Appropriations Act, the Director, Office of Management and Budget is required to credit or transfer to the Department of the Treasury (General Fund) from any other department, branch, or non-State fund source such sums as may be required to cover the State's costs for its share of the employees' payroll fringe benefits as determined.

Agency liability for these costs exists whether employee salaries are charged directly to a non-State salary account or are paid initially from the Direct State Services salary account and subsequently credited.

The Office of Management and Budget will determine those accounts from which the State is to recover employee benefit costs and any applicable cost recovery limitations.

Recoverable employee fringe benefit costs include the employer contributions for pensions, social security taxes, health benefits, unemployment compensation, workers compensation, temporary disability insurance, and unused sick leave.

The Office of Management and Budget will notify agencies of effective rates for fringe benefit charges in a separate Circular.

II. EXEMPTIONS

Requests for exemptions from the charging of employee benefits to specific non-State accounts must be submitted to the Director, Office of Management and Budget. Such requests must contain the justification for the exemptions. If the justification is acceptable, the Office of Management and Budget will notify the requesting agency in writing. Such exemptions will be effective for one State fiscal year only, unless the written notification states otherwise.

III. ESTABLISHMENT OF EXPENSE BUDGET

For any program funded from other than Direct State Services' sources for which employer contributions are required for employee benefits, the agency shall establish an amount equal to the estimated liability for such contributions for the entire fiscal year at the time the project appropriation expense budget accounts are established.

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David Ridolfino
Acting Director