



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 
Acting Director

DATE: August 29, 2022

SUBJECT: United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2022, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2022

The 2022 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 53.4 percent reflected in the addendum is for Fiscal Year 2022. 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 101.5 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 2021 is 7.65 percent of the first \$142,800.00 paid to each employee and 1.45 percent for gross wages above \$142,800.00.

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 2022. 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, 2022 as submitted to HHS, will be accessible on the State's website via: <https://www.nj.gov/treasury/omb/njcfsmanuals.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 will not be eligible to be allocated a portion of indirect costs recovered by them during the fiscal year ending June 30, 2022.

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: August 11, 2022

FILING REF.: The preceding
Agreement was dated 12/21/2020

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, 2022 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 (OIT)
8. FICA*
9. Legal Services
10. Physical Plant Operation and Maintenance
11. Capitol Complex Security
12. Division of Revenue and Enterprise Services (DORES)

*Fringe benefit rates (exclusive of FICA) have been negotiated for the fiscal year ending June 30, 2022. See the Addendum to the Cost Allocation Agreement.

STATE/LOCALITY: State of New Jersey

DATE: August 11, 2022

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: August 11, 2022

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)
Darryl W.
Mayes -S

Digitally signed by Darryl W. Mayes -S
DN: c=US, o=US Government, ou=HHS,
ou=PSC, ou=People,
0.9.2342.19200300.100.1.1=2000131669,
cn=Darryl W. Mayes -S
Date: 2022.08.12 10:01:09 -04'00'

Lynn Azarchi
(Signature)

(Signature)

Lynn Azarchi
(Name)

Darryl W. Mayes
(Name)

Acting OMB Director
(Title)

Deputy Director, Cost Allocation Services
(Title)

8/11/2022
(Date)

August 11, 2022
(Date)

HHS Representative: Wanda Rayfield

Telephone: 214-767-5249

ADDENDUM TO COST ALLOCATION AGREEMENT

August 11, 2022
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	07/01/2021	06/30/2022	53.4%	All	All Programs (1)
Fixed	07/01/2021	06/30/2022	101.5%	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 53.4% and 101.5% are approved on a fixed basis for the fiscal year ending June 30, 2022, 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 53.4% 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 101.5% is calculated based only on the direct salaries and wages of Police and Firemen.

ADDENDUM TO COST ALLOCATION AGREEMENT

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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 2020-2022
 Summary of Fixed Allocations for the year ending June 30, 2022

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)	-	66,127	111,032	(595)	15,835	65,177	257,576
Office of the Chief Executive	-	6,372	34,145	(1,638)	4,677	-	43,556
Department of Agriculture	-	455,012	62,609	6,182	8,881	174,144	706,827
Department of Banking & Insurance	(148,831)	21,231	118,573	4,022	17,175	31,079	43,250
Department of Children & Families	(395,528)	923,555	1,955,211	178,334	278,530	564,892	3,504,994
Department of Community Affairs	870,704	230,664	243,577	20,038	34,931	124,979	1,524,894
Department of Corrections	618,486	499,761	2,442,236	689,986	349,088	1,829,744	6,429,300
Department of Education	1,751,529	634,482	181,257	26,889	26,453	98,642	2,719,253
Department of Environmental Protection	744,954	575,490	810,575	86,111	115,499	1,192,442	3,525,071
Department of Health	1,466,504	815,336	1,861,741	1,194,443	254,198	2,155,049	7,747,273
Department of Human Services	1,774,899	936,835	1,655,007	554,511	248,047	1,176,897	6,346,197
Department of Labor & Workforce Development (excluding Civil Service Commission)	(3,772)	584,604	712,153	65,922	102,325	180,502	1,641,734
Department of Law & Public Safety	(500,195)	755,866	2,249,779	406,271	320,786	1,500,709	4,733,216
Department of Military & Veterans' Affairs	(3,951)	365,946	444,666	203,950	63,034	1,525,269	2,598,915
Department of State	1,617,486	194,539	2,182,733	219,679	322,655	62,458	4,599,552
Department of Transportation	549,833	723,491	1,708,583	251,997	240,344	631,421	4,105,669
Department of the Treasury (excluding Central Support Services)	791,054	111,265	1,209,899	63,688	173,016	743,547	3,092,470
Office of Information Technology	46,117	8,440	173,986	-	24,810	72,093	325,446
Other Departments and Agencies	3,097,104	1,778,121	291,168	83,276	41,522	241,300	5,532,491
Judicial Branch	-	918,567	2,671,319	76,661	379,657	1,110,575	5,156,779
Totals	12,276,396	10,605,702	21,120,249	4,129,728	3,021,463	13,480,922	64,634,460

NOTES:

Data Source: Data derived from FY2020-2022 SWCAP, Schedules B-1 through B-20
 Data does not include either Fringe Benefit or Buildings and Grounds Rental costs

* Formerly Department of Personnel

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State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2020-2022
 Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2022

Name of Agency Receiving Central Support Services	Allocations		FY2022 Budget Factor	FY2022 Projected Allocation	FY2022 Allocation
	Actual FY2020	Projected FY2020			
Legislative Branch (excluding Office of the State Auditor)	\$ 3,174,782	\$ 5,748,692	100%	\$ 3,174,782	\$ 600,872
Office of the Chief Executive	548,621	993,409	100%	548,621	103,834
Department of Agriculture	528,708	957,351	100%	528,708	100,065
Department of Banking & Insurance	868,042	1,571,796	100%	868,042	164,289
Department of Children & Families	469,690	850,485	100%	469,690	88,895
Department of Community Affairs	1,343,364	2,432,477	100%	1,343,364	254,251
Department of Corrections	-	-	100%	-	-
Department of Education	278,485	504,263	100%	278,485	52,707
Department of Environmental Protection	2,690,994	4,872,679	100%	2,690,994	509,309
Department of Health	593,210	1,074,146	100%	593,210	112,274
Department of Human Services	957,784	1,734,293	100%	957,784	181,275
Department of Labor & Workforce Development (excluding Civil Service Commission)	-	-	100%	-	-
Department of Law & Public Safety	2,890,272	5,233,519	100%	2,890,272	547,025
Department of Military & Veterans' Affairs	-	-	100%	-	-
Department of State	1,999,710	3,620,947	100%	1,999,710	378,474
Department of Transportation	2,595,749	4,700,216	100%	2,595,749	491,282
Department of the Treasury (excluding Central Support Services)	4,739,687	8,582,321	100%	4,739,687	897,053
Office of Information Technology	321,607	582,345	100%	321,607	60,868
Other Departments and Agencies	7,620,245	13,798,251	100%	7,620,245	1,442,239
Judicial Branch	1,620,766	2,934,779	100%	1,620,766	306,751
Totals	\$ 33,241,717	\$ 60,191,969		\$ 33,241,717	\$ 6,291,465

NOTES:

Data Source: Data in column entitled "Allocations - Actual FY2020" derived from FY2020-2022 SWCAP, Schedule D-8

Data in column entitled "Allocations - Projected FY2020" derived from FY2018-2020 SWCAP, Sched A-1

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

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