



# 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*

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*State Treasurer*

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*Lt. Governor*

DAVID RIDOLFINO  
*Acting Director*

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

**TO:** Department Chief Fiscal Officers

**FROM:** David Ridolfino  
Acting Director

**DATE:** July 13, 2020

**SUBJECT:** United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2020, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2020

The 2020 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 38.5 percent reflected in the addendum is for fiscal year 2020. 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 75.9 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 2019 is 7.65 percent of the first \$132,900 paid to each employee and 1.45 percent for gross wages above \$132,900.

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 2020. 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, 2020 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](mailto: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, 2020.

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:** May 26, 2020

**FILING REF.:** The preceding  
Agreement was dated 9/18/2018

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**SECTION I: ALLOCATED COSTS**

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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, 2020 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

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**SECTION II: BILLED COSTS**

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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, 2020. See the Addendum to the Cost Allocation Agreement.

State of New Jersey  
May 26, 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 of New Jersey  
May 26, 2020

F. SPECIAL REMARKS:

See Addendum

ACCEPTANCE:

BY THE STATE/LOCALITY:

State of New Jersey  
State/Locality



(Signature)

DAVID RIDOLFINO  
(Name)

ACTING DIRECTOR  
(Title)

JUNE 18, 2020  
(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,  
0.9.2342.19200.300.100.1 #+2000131605, email=Darryl.W.Mayes  
-S  
Date: 2020.06.16 07:58:43 -0400

Darryl W. Mayes  
(Name)

Deputy Director, Cost Allocation Services  
(Title)

May 26, 2020  
(Date)

HHS Representative: Pamela Page

Telephone: 214-767-6505

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**ADDENDUM TO COST ALLOCATION AGREEMENT**

May 26, 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	07/01/2019	06/30/2020	38.5%	All	All Programs (1)
Fixed	07/01/2019	06/30/2020	75.9%	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 38.5% and 75.9% are approved on a fixed basis for the fiscal year ending June 30, 2020, 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 38.5% 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 75.9% is calculated based only on the direct salaries and wages of Police and Firemen.

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**ADDENDUM TO COST ALLOCATION AGREEMENT**

May 26, 2020  
**Agreement Reference Date**

**INSTITUTION:** State of New Jersey  
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**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 2018-2020  
 Summary of Fixed Allocations for the year ending June 30, 2020

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)	-	60,559	96,170	6,664	9,329	36,210	208,932
Office of the Chief Executive	-	4,405	18,334	3,145	1,747	-	27,631
Department of Agriculture	-	387,723	51,973	(3,593)	5,040	53,360	494,504
Department of Banking & Insurance	174,157	49,778	114,029	1,947	11,056	61,817	412,784
Department of Children & Families	1,136,616	919,198	1,714,286	192,760	166,692	585,283	4,714,836
Department of Community Affairs	774,479	133,537	213,611	18,158	20,651	104,084	1,264,519
Department of Corrections	1,628,086	432,256	2,200,510	469,939	214,040	1,745,551	6,690,381
Department of Education	821,798	474,738	169,068	2,940	16,227	123,965	1,608,737
Department of Environmental Protection	473,115	634,396	693,916	63,257	67,266	706,046	2,637,996
Department of Health	-	723,480	1,791,371	1,862,134	181,774	1,705,944	6,264,702
Department of Human Services	2,167,638	771,662	1,212,527	(255,417)	108,737	976,628	4,981,775
Department of Labor & Workforce Development (excluding Civil Service Commission)	(603,697)	558,648	633,605	46,126	61,259	305,719	1,001,662
Department of Law & Public Safety	172,256	713,401	1,968,718	406,627	191,235	1,191,286	4,643,522
Department of Military & Veterans' Affairs	(91,964)	254,395	375,501	168,717	36,509	943,686	1,686,844
Department of State	122,125	122,944	2,417,854	308,910	234,810	82,680	3,289,323
Department of Transportation	498,843	893,539	1,375,980	193,113	133,981	1,601,306	4,696,763
Department of the Treasury (excluding Central Support Services)	1,014,800	2,292,087	1,090,357	55,242	106,021	631,847	5,190,354
Office of Information Technology	204,830	9,827	117,883	-	11,050	63,780	407,369
Other Departments and Agencies	1,945,959	1,160,641	253,794	26,621	24,639	178,370	3,590,023
Judicial Branch	-	1,154,323	2,307,215	201,515	224,406	1,663,958	5,551,417
<b>Totals</b>	<b>10,439,040</b>	<b>11,751,537</b>	<b>18,816,702</b>	<b>3,768,806</b>	<b>1,826,469</b>	<b>12,761,520</b>	<b>59,364,073</b>

**NOTES:**

\* Formerly Department of Personnel



**State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2018-2020**  
**Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2020**

Name of Agency Receiving Central Support Services	FY2020 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$ 6,443,681
Office of the Chief Executive	(132,121)
Department of Agriculture	1,073,090
Department of Banking & Insurance	1,761,818
Department of Children & Families	953,304
Department of Community Affairs	2,726,552
Department of Corrections	-
Department of Education	787,398
Department of Environmental Protection	5,461,763
Department of Health	1,204,006
Department of Human Services	1,943,962
Department of Labor & Workforce Development (excluding Civil Service Commission)	-
Department of Law & Public Safety	5,866,227
Department of Military & Veterans' Affairs	-
Department of State	2,963,221
Department of Transportation	5,268,450
Department of the Treasury (excluding Central Support Services)	9,619,884
Office of Information Technology	652,747
Other Departments and Agencies	15,466,394
Judicial Branch	3,289,580
<b>Totals</b>	<b>\$ 65,349,956</b>

**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.