



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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TARIQ SHABAZZ
Acting Director

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

TO: Department Chief Fiscal Officers

FROM: Tariq Shabazz  ^{HG}
Acting Director

DATE: August 30, 2023

SUBJECT: United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2023, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2023

The 2023 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 60.8 percent reflected in the addendum is for Fiscal Year 2023. 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 111.5 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 2022 was 7.65 percent of the first \$147,000 paid to each employee and 1.45 percent for gross wages above \$147,000. The rate for calendar year 2023 is 7.65 percent of the first \$160,200 paid to each employee and 1.45 percent for gross wages above \$160,200.

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 2023. 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.

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, 2023 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 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, 2023.

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: July 28, 2023

FILING REF.: The preceding
Agreement was dated 08/11/2022

SECTION I: ALLOCATED COSTS

The central service costs listed in Schedules 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, 2023 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, 2023. See the Addendum to the Cost Allocation Agreement.

STATE/LOCALITY: State of New Jersey

DATE: July 28, 2023

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: July 28, 2023

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



(Signature)

Tariq Shabazz
(Name)

Acting OMB Director
(Title)

8/28/2023
(Date)

DEPARTMENT OF HEALTH & HUMAN
SERVICES

(AGENCY)
**Darryl W.
Mayes -S**

(Signature)

Digitally signed by Darryl W. Mayes -S
DN: c=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: 2023.08.23 11:52:18 -04'00'

Darryl W. Mayes
(Name)

Deputy Director, Cost Allocation Services
(Title)

July 28, 2023
(Date)

HHS Representative: Wanda Rayfield

Telephone: 214-767-5249

ADDENDUM TO COST ALLOCATION AGREEMENT

July 28, 2023
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	07/01/2022	06/30/2023	60.8%	All	All Programs (1)
Fixed	07/01/2022	06/30/2023	111.5%	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 60.8% and 111.5% are approved on a fixed basis for the fiscal year ending June 30, 2023, 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 60.8% 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 111.5% is calculated based only on the direct salaries and wages of Police and Firemen.

ADDENDUM TO COST ALLOCATION AGREEMENT

July 28, 2023
Agreement Reference Date

INSTITUTION: State of New Jersey
Department of the Treasury

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 2021-2023
 Summary of Fixed Allocations for the year ending June 30, 2023

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)	-	73,450	92,255	(5,338)	9,387	31,638	201,392
Office of the Chief Executive	-	6,401	30,040	-	3,067	-	39,507
Department of Agriculture	-	587,620	52,234	4,712	5,318	173,496	823,379
Department of Banking & Insurance	-	19,335	100,373	(4,509)	10,204	7,212	132,616
Department of Children & Families	(313,937)	802,351	1,589,642	75,603	161,729	353,958	2,669,346
Department of Community Affairs	713,220	398,120	198,944	21,800	20,232	111,093	1,463,409
Department of Corrections	2,244,368	574,996	1,875,234	1,526,102	190,627	1,553,957	7,965,285
Department of Education	2,272,419	895,311	133,365	2,428	13,528	36,567	3,353,619
Department of Environmental Protection	(731,695)	804,985	661,504	79,214	67,303	1,088,847	1,970,158
Department of Health	623,394	946,382	1,690,618	1,628,711	172,634	1,980,442	7,042,182
Department of Human Services	631,174	1,318,268	1,243,168	850,934	125,870	1,651,550	5,820,964
Department of Labor & Workforce Development (excluding Civil Service Commission)	363,352	793,521	658,905	(9,077)	67,079	118,193	1,991,974
Department of Law & Public Safety	(171,662)	928,712	1,959,130	1,167,609	199,438	1,411,981	5,495,208
Department of Military & Veterans' Affairs	-	583,096	386,379	367,536	39,347	1,523,540	2,899,898
Department of State	(49,491)	190,899	2,548,196	245,891	259,531	36,029	3,231,055
Department of Transportation	(614,543)	1,059,248	1,404,292	333,429	143,013	(345,570)	1,979,869
Department of the Treasury (excluding Central Support Services)	(411,556)	561,914	986,943	18,366	100,387	525,000	1,781,053
Office of Information Technology	817,557	7,953	142,103	-	14,457	95,770	1,077,840
Other Departments and Agencies	3,445,531	3,221,163	237,383	21,479	24,150	259,140	7,208,846
Judicial Branch	-	900,806	2,168,776	153	220,684	353,083	3,643,501
Totals	8,818,131	14,674,530	18,159,485	6,325,043	1,847,985	10,965,926	60,791,099

NOTES:

Data Source: Data derived from FY2021-2023 SWCAP, Schedules B-1 through B-20
 Data does not include either Fringe Benefit or Buildings and Grounds Rental costs
 * Formerly Department of Personnel

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2021-2023
 Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2023

a	b	c		d	e = c - d		f	g = c x f		h = e + g
		Actual FY2021	Allocations FY2021		Roll-Forward Adjustment	FY2023 Budget Factor		FY2023 Projected Allocation	FY2023 Allocation	
	Name of Agency Receiving Central Support Services									
	Legislative Branch (excluding Office of the State Auditor)	\$ 3,100,347	\$ 5,374,836	\$ (2,274,489)	100%	\$ 3,100,347	100%	\$ 3,100,347	\$ 825,858	
	Office of the Chief Executive	535,759	928,804	(393,045)	100%	535,759	100%	535,759	142,714	
	Department of Agriculture	516,312	895,091	(378,779)	100%	516,312	100%	516,312	137,533	
	Department of Banking & Insurance	847,691	1,469,577	(621,886)	100%	847,691	100%	847,691	225,805	
	Department of Children & Families	458,678	795,175	(336,497)	100%	458,678	100%	458,678	122,181	
	Department of Community Affairs	1,311,868	2,274,285	(962,418)	100%	1,311,868	100%	1,311,868	349,450	
	Department of Corrections	-	-	-	100%	-	100%	-	-	
	Department of Education	166,115	471,469	(305,354)	100%	166,115	100%	166,115	(139,239)	
	Department of Environmental Protection	2,627,902	4,555,794	(1,927,892)	100%	2,627,902	100%	2,627,902	700,010	
	Department of Health	579,302	1,004,291	(424,990)	100%	579,302	100%	579,302	154,312	
	Department of Human Services	935,328	1,621,507	(686,179)	100%	935,328	100%	935,328	249,149	
	Department of Labor & Workforce Development (excluding Civil Service Commission)	-	-	-	100%	-	100%	-	-	
	Department of Law & Public Safety	2,822,507	4,893,167	(2,070,659)	100%	2,822,507	100%	2,822,507	751,848	
	Department of Military & Veterans' Affairs	-	-	-	100%	-	100%	-	-	
	Department of State	1,952,826	3,385,466	(1,432,640)	100%	1,952,826	100%	1,952,826	520,186	
	Department of Transportation	2,534,890	4,394,546	(1,859,656)	100%	2,534,890	100%	2,534,890	675,234	
	Department of the Treasury (excluding Central Support Services)	4,628,561	8,024,186	(3,395,624)	100%	4,628,561	100%	4,628,561	1,232,937	
	Office of Information Technology	314,066	544,473	(230,407)	100%	314,066	100%	314,066	83,659	
	Other Departments and Agencies	7,547,423	12,900,907	(5,353,484)	100%	7,547,423	100%	7,547,423	2,193,939	
	Judicial Branch	1,582,766	2,743,921	(1,161,155)	100%	1,582,766	100%	1,582,766	421,611	
	Totals	\$ 32,462,339	\$ 56,277,495	\$ (23,815,156)		\$ 32,462,341		\$ 32,462,341	\$ 8,647,185	

NOTES:

Data Source: Data in column entitled "Allocations - Actual FY2021" derived from FY2021-2023 SWCAP, Schedule D-8

Data in column entitled "Allocations - Projected FY2021" derived from FY2019-2021 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.