



State of New Jersey

DEPARTMENT OF THE TREASURY
OFFICE OF MANAGEMENT AND BUDGET
P. O. BOX 221
TRENTON, NEW JERSEY 08625-0221

PHILIP D. MURPHY
Governor

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TARIQ SHABAZZ
Acting Director

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

TO: Department Chief Fiscal Officers

FROM: Tariq Shabazz *TS*
Acting Director

DATE: May 1, 2025

SUBJECT: United States Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP) for the Year Ending June 30, 2025, with Addendum to Cover Fringe Benefit Rates for the Year Ending June 30, 2025

The 2025 Schedule 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 63.8 percent reflected in the addendum is for Fiscal Year 2025. 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 123.3 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 2024 was 7.65 percent of the first \$168,600 paid to each employee and 1.45 percent for gross wages above \$168,600. The rate for calendar year 2025 is 7.65 percent of the first \$176,100 paid to each employee and 1.45 percent for gross wages above \$176,100.

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 2025. 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, 2025 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, 2025.

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: April 14, 2025

FILING REF.: The preceding
Agreement was dated
August 2, 2024

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 for the State/local departments and agencies indicated during the fiscal year ended June 30, 2025 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 Operations 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, 2025. See the Addendum to this Cost Allocation Agreement.

DEPT/AGENCY: State of New Jersey

DATE: April 14, 2025

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 the authority in 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 type of costs is 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 a billed cost. Failure to obtain such 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 Title 2 of the Code of Federal Regulations, Part 200 (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 Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of this Agreement to other Federal Agencies to give them early notification of the Agreement.

DEPT/AGENCY: State of New Jersey
DATE: April 14, 2025

F. SPECIAL REMARKS:

See Addendum

ACCEPTANCE:

BY THE DEPT/AGENCY:

State of New Jersey
State/Locality

(Signature)

(NAME)

(TITLE)

(DATE)

DEPARTMENT OF HEALTH & HUMAN
SERVICES

Darryl W. Mayes

Digitally signed by Darryl W.
Mayes -S
Date: 2025.04.15 11:31:29 -04'00'

-S

(SIGNATURE)

Darryl W. Mayes
(NAME)

Director, Cost Allocation Services
(TITLE)

April 14, 2025
(DATE) 4916

Wanda Rayfield
HHS REPRESENTATIVE

Telephone: (214) 767-5249

ADDENDUM TO COST ALLOCATION AGREEMENT

April 14, 2025

Agreement Reference Date

INSTITUTION: State of New Jersey
 Department of the Treasury
ADDRESS: Trenton, New Jersey 08625-0224

FRINGE BENEFIT RATE

Type	From	TO	Rate*	Locations	Applicable To
Fixed	07/01/2024	06/30/2025	63.80%	All	All Programs (1)
Fixed	07/01/2024	06/30/2025	123.30%	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 63.80% and 123.30% are approved on a fixed basis for the fiscal year ending June 30, 2025, 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 63.80% 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 123.30% is calculated based only on the direct salaries and wages of Police and Firemen.

ADDENDUM TO COST ALLOCATION AGREEMENT

April 14, 2025
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 2023-2025
Summary of Fixed Allocations for the year ending June 30, 2025

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)	-	75,918	141,617	13,793	6,316	46,994	284,637
Office of the Chief Executive	-	4,540	40,886	-	1,892	-	47,318
Department of Agriculture	1,075,834	793,691	91,841	10,287	4,404	411,065	2,387,122
Department of Banking & Insurance	-	44,683	156,609	1,356	6,865	101,589	311,102
Department of Children & Families	-	614,132	2,266,507	365,502	96,717	697,822	4,040,681
Department of Community Affairs	1,983,137	313,997	352,599	17,627	16,579	374,263	3,058,202
Department of Corrections	80,302	524,483	2,319,306	1,642,861	87,149	1,748,309	6,402,409
Department of Education	5,379,090	752,462	240,489	56,127	10,727	159,140	6,598,036
Department of Environmental Protection	922,672	784,476	1,030,218	147,045	46,135	1,698,302	4,628,849
Department of Health	907,155	856,482	2,017,662	929,694	88,669	1,617,382	6,417,044
Department of Human Services	1,728,975	1,044,505	2,143,330	759,812	88,758	1,339,672	7,105,052
Department of Labor & Workforce Development (excluding Civil Service Commission)	1,578,695	667,996	1,027,919	65,057	46,878	254,570	3,641,116
Department of Law & Public Safety	-	966,076	3,217,723	535,521	150,048	1,604,940	6,474,308
Department of Military & Veterans' Affairs	792,620	407,630	579,568	121,859	26,167	1,553,962	3,481,806
Department of State	(293,269)	187,093	3,778,259	335,659	170,230	173,776	4,351,748
Department of Transportation	-	1,076,520	2,145,821	408,223	97,863	946,018	4,674,445
Department of the Treasury (excluding Central Support Services)	186,410	1,154,964	1,540,106	70,810	68,534	599,371	3,620,194
Office of Information Technology	(407,373)	5,056	224,748	-	10,129	70,860	(96,580)
Other Departments and Agencies	3,705,037	1,682,092	413,707	71,605	19,489	336,037	6,227,966
Judicial Branch	-	1,269,858	3,130,542	238,399	135,187	1,555,912	6,329,899
Totals	17,639,285	13,226,654	26,859,458	5,791,237	1,178,736	15,289,983	79,985,353

* Formerly Department of Personnel

State of New Jersey Statewide Cost Allocation Plan (SWCAP) - Proposal for the Plan Year 2023-2025
Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the year ending June 30, 2025

Name of Agency Receiving Central Support Services	FY2025 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$ 3,299,943
Office of the Chief Executive	3,253,790
Department of Agriculture	(516,312)
Department of Banking & Insurance	902,263
Department of Children & Families	488,207
Department of Community Affairs	1,396,323
Department of Corrections	-
Department of Education	176,810
Department of Environmental Protection	2,797,081
Department of Health	2,197,066
Department of Human Services	995,543
Department of Labor & Workforce Development (excluding Civil Service Commission)	-
Department of Law & Public Safety	3,004,216
Department of Military & Veterans' Affairs	-
Department of State	2,078,545
Department of Transportation	2,698,082
Department of the Treasury (excluding Central Support Services)	4,683,476
Office of Information Technology	334,286
Other Departments and Agencies	8,033,315
Judicial Branch	1,684,662
Totals	<u>\$ 37,507,295</u>

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.