

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

MEMORANDUM NO. 2023-02

January 10, 2023

TO THE HEADS OF ALL STATE AGENCIES

Attention: Chief Fiscal Officers or Business Managers

Subject: Statewide Cost Allocation Plan for the Fiscal Year 2022-2023

Attached is the approved **2022-2023 Statewide Cost Allocation Plan**, dated December 09, 2022.

Section I: Costs Distributed through Statewide Cost Allocation

This section contains the approved fixed central service costs by grantee agencies as listed in Exhibit A. The costs are to be incorporated into agency indirect cost proposals prepared using the appropriate fiscal year costs and other cost statements based upon the same fiscal year costs.

All state agencies receiving Federal or any other grants, or private funds, etc., **must** compute an indirect cost rate for each fiscal year of their Federal or other programs. The proposal is to be submitted for approval to the agency's cognizant Federal department or agency within six months after the close of each fiscal year. Generally, Federal cognizance of a particular state agency is assigned to that Federal department with the largest dollar involvement.

This indirect cost rate shall enable the State to recover both agency and statewide indirect costs as permitted by Federal regulations.

Central service costs are distributed to various "super agencies" and an "all others" category. *Please note - the super agencies listed in Exhibit A typically contain more than one state agency.*

REQUESTS FOR A BREAKDOWN OF COSTS ALLOCABLE TO A PARTICULAR STATE AGENCY CONTAINED WITHIN THESE LARGER ORGANIZATIONAL STRUCTURES SHOULD BE ADDRESSED TO:

**Office of the State Comptroller
Budget and Financial Analysis Division - Cost Unit
165 Capitol Avenue
Hartford, Connecticut 06106-1775**

Memorandum No. 2023-02

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January 10, 2023

Section II: Costs Distributed through Billing Mechanisms

The categories listed in Section II of the SWCAP are approved to have their costs billed to Federal programs directly as the services or goods provided for herein are used by the programs.

Fringe Benefit Cost Recovery

The approved 2022-2023 fixed fringe benefit recovery rates for Unemployment Compensation and Retirement plans for covered payroll are listed in Exhibit B. The approved 2022-2023 fringe benefit recovery actual costs for Medical Insurance, Group Life Insurance, FICA-Social Security, FICA-Medicare for covered payroll are directly identified by individual employee.

Covered payroll is all personal services expenditures for positions paid from Federal grants, Grants other than Federal, and other than General Fund accounts.

Fringe Benefit actual cost components for Medical Insurance, Group Life Insurance, FICA-Social Security, and FICA-Medicare are used along with the negotiated rates for Unemployment Compensation and the applicable Retirement plan.

For informational purposes, listed below are the breakdowns of the statewide fringe benefit recovery rates by fringe benefit component. These rates were originally published in **Memorandum No. 2022-14**, dated July 1, 2022.

<u>Component</u>	<u>FY 2022-23 Rate</u>
SERS - Regular Employees	67.40%
Alternate Retirement Plan	14.60%
Teachers Retirement Plan	38.89%
SERS - Hazardous Duty	91.49%
Judges/Compensation Commissioners	111.34%
Unemployment Compensation	0.18%

In addition, the rates listed below have been calculated based on the existing Federal tax rates.

FICA-Social Security Tax Rate (of applicable wages up to Federal maximum limit)	6.20%
FICA-Medicare Tax Rate (of applicable wages - no maximum limit)	1.45%

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January 10, 2023

Workers' Compensation Costs. Any agency Indirect Cost Proposal or Cost Allocation Plan based on the costs of FY 2023 should include the 2022-2023 Statewide Cost Allocation Plan cost allocated to the agency and the actual cost of workers' compensation claims paid on behalf of the agency during the 2022-2023 fiscal year.

Agencies with a specific Worker's Compensation appropriation should use the total expenditures of that appropriation in their Indirect Cost Proposal or Cost Allocation Plan.

For all other agencies, a separate schedule of 2022-2023 Workers' Compensation costs paid on their behalf will be published at a later date when available. The published Workers' Compensation amounts should be included in these agencies' Indirect Cost Proposals or Cost Allocation Plans.

If you have any questions regarding this memorandum please call the Cost Reporting Unit, Budget and Financial Analysis Division at 860-702-3416.

DocuSigned by:
Sean Scanlon
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SEAN SCANLON
STATE COMPTROLLER



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

1301 Young Street, Suite 1140
Dallas, TX 75202
PHONE: (214) 767-3261
FAX: (214) 767-3264
EMAIL: CAS-Dallas@psc.hhs.gov

December 9, 2022

Ms. Natalie Braswell
Comptroller
Office of the State Comptroller
State of Connecticut
165 Capitol Avenue
Hartford, Connecticut 06106

Dear Ms. Braswell:

The Cost Allocation Agreement approving central service costs of the State of Connecticut for FYE 6/30/2023 is being sent to you for signature. This Agreement reflects an understanding reached between your institution and a member of my staff concerning the central service costs that may be included in the costs of your departments and agencies for further allocation to Federal Grants and Contracts performed by those departments and agencies. The Agreement must be signed by an authorized representative of your institution and returned to me at CAS-NY@psc.hhs.gov. We will make the agreement available to the appropriate Federal agencies for their use.

As a result of this negotiation, the State will address the following in its subsequent submissions:

1. Central Service Plan - Section I
 - a. The State should submit a written explanation or analysis of any significant proposed increase in an individual component of the plan over the previous year. A significant increase would be ten percent or more over the actual amount negotiated the previous year for any component. Individual components of the plan would include the Auditors of Public Accounts, Office of the State Comptroller, etc.
2. Central Service Plan - Section II (Non - Fringe Benefits)
 - a. Section E.3., of Appendix V to Part 200 (2 CFR 200 - Uniform Guidance), lists the information that must be provided for all billed central services, including internal service funds, as part of the cost allocation plan for Section II Billed Costs. In addition, ASMB C-10, "A Guide for State, Local and Indian Tribal Governments", Part 4, discusses the documentation requirements and provides sample formats for submitting the necessary information. It is required that all subsequent plans include the required documentation.
 - b. The State should submit a complete copy of the annual financial statements for each of

Ms. Natalie Braswell

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December 9, 2022

the Internal Service Funds (ISFs) included in the Cost Allocation Agreement. In addition, a copy of the most recently completed audit of the ISFs by the State Auditors of Public Accounts should be submitted.

- c. The State is required to submit more detailed information regarding revenues and expenditures for the Department of Information Technology and Telecommunications. The information, previously required by fund, must now be provided for each individual billing rate/service category. As highlighted in Section 4.7, and as shown in Illustration 4-7, in ASMB C-10, A Guide for State, Local and Tribal Governments, the required information for each billing rate must include the following: the beginning balance for the fiscal year, actual and imputed revenue, A-87 (now 2 CFR 200) allowable costs, working capital reserve (60 days), contributed capital, and the ending balance for the fiscal year.
- d. The State must include information for each Section II billed costs on how adjustments for billed central services will be processed. Section G.4., of Appendix V to Part 200, discusses the alternative methods for making the adjustment for the difference between the revenue and the allowable costs. The adjustment method should be provided for each Section II Billed Cost

3. Central Service Plan - Section II (Fringe Benefits)

- a. The final settlement of the fringe benefit rate components for the FYE June 30, 2021, resulted in carry-forward amounts that were included in the fixed rate components for the FYE June 30, 2023 respectively. The under/(over) recoveries of costs from final settlement of the FYE June 30, 2021 actual rates that must be considered in determining the actual fringe benefit rates for FYE June 30, 2023:

<u>Rate Component</u>	<u>FYE 6/30/23</u>
SERS Regular Employees	\$(112,858,528)
SERS Hazardous Duty Employees	\$ (22,627,899)
Alternate Retirement Plan	\$ (1,355,729)
Teachers Retirement	\$ (2,788,626)
Unemployment Compensation	\$ 223,069

- b. The State should provide an annual reconciliation of the State Employees' Retirement System salary and wage base(s) used in the fringe benefit rate proposal to the comparable salary and wage base shown in the audited financial statements and the actuary report.
- c. The State should submit a summary of annual activity for each of the health plans for which the State is self-insured.
- d. It was agreed that the total adjustment of \$14,757,976 for the Teachers Retirement COLA included in the rate calculations from FY 2010 through FY 2014, will be credited back through the rate in five equal installments of \$2,951,595.20 beginning in FY 2017. In FY2021, the fifth installment was credited back.

Ms. Natalie Braswell

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December 9, 2022

Your cost allocation plan and fringe benefit rate proposal for the fiscal year ending June 30, 2024, based on your actual costs for the fiscal year ended June 30, 2022, is due in our office by December 31, 2022.

Please acknowledge your concurrence with the comments and conditions cited above by signing this letter in the space provided below and returning a signed copy of the letter, along with the signed copy of the Cost Allocation Agreement, to CAS-NY@psc.hhs.gov.

If you have any questions, please contact Pamela Page of my staff at 214-767-6505.

Sincerely,

Darryl W.
Mayes -S

Digitally signed by Darryl W. Mayes -S
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Darryl W. Mayes
Deputy Director
Cost Allocation Services

Enclosures

Concurrence:

DocuSigned by:
Sean Scanlon
03479587B0B543C...
Signature

Sean Scanlon
Name

Comptroller
Title

1/10/2023
Date

**COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS**

EIN #: 06-6000798

DATE: December 9, 2022

STATE/LOCALITY:

State of Connecticut
Office of the State Comptroller
165 Capitol Avenue
Hartford, CT 06106

FILING REF: The preceding
agreement was dated
September 22, 2022

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A, 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 ending 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 departments and agencies:

1. Fringe Benefits (See Special Remarks)
2. DAS/ISF – Print
3. DAS/ISF – Fleet Operations
4. DAS/BEST – Technical Services
5. DAS – Correctional Industries

STATE/LOCALITY: State of Connecticut

DATE: December 9, 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 OMB Uniform Guidance (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 OMB Uniform Guidance (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 OMB Uniform Guidance (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.
- F. **SPECIAL REMARKS:**
Equipment Definition - Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

FRINGE BENEFIT RATE:

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE**</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
Fixed	07/01/22	06/30/23	*	All	All Programs

STATE/LOCALITY: State of Connecticut

DATE: December 9, 2022

* The State of Connecticut uses a combination of direct identification and negotiated fringe benefit rates to claim fringe benefit costs. The fixed fringe benefit rate components, negotiated for each of the Retirement Systems (SERS, ARP, and Teachers), and for Unemployment Compensation, are listed below. Fringe benefit costs for Group Life Insurance, FICA-Social Security, FICA-Medicare, and Medical Insurance are directly identified by individual employee and are not part of the fringe benefit rates shown below.

<u>Rate Component</u>	<u>FYE 6/30/23</u>
SERS Regular Employees	67.40%
SERS Hazardous Duty Employees	91.49%
Alternate Retirement Plan (ARP)	14.60%
Teachers Retirement	38.89%
Unemployment Compensation	0.18%

**Base: Salaries and wages of covered employees (See comments below, Notes 1 & 2).

Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs.

NOTE 1

Fringe Benefit Rates: Fringe benefit rates are determined for Unemployment Compensation and each applicable Retirement System shown above. Each fringe benefit component is captured in the Statewide Accounting system using expenditure account codes. Fringe benefit rates are maintained on file by, and are available from, the State of Connecticut, Office of the State Comptroller.

NOTE 2

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 a part of the normal costs for salaries and wages. Separate claims for the costs of these paid absences are not made.

STATE/LOCALITY: State of Connecticut

DATE: December 9, 2022

ACCEPTANCE:

BY THE STATE/LOCALITY:

STATE OF CONNECTICUT

(STATE/LOCALITY)

DocuSigned by:

Sean Scanlon

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(SIGNATURE)

Sean Scanlon

(NAME)

Comptroller

(TITLE)

1/10/2023

(DATE)

BY THE COGNIZANT AGENCY ON

BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Darryl W. Mayes -S

Digitally signed by Darryl W. Mayes -S
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ou=People, 0.9.2342.19200300.100.1.1=2000131669,
cn=Darryl W. Mayes -S
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(SIGNATURE)

Darryl W. Mayes

(NAME)

Deputy Director, Cost Allocation Services

(TITLE)

December 9, 2022

(DATE)

HHS Representative: Pamela Page

Telephone: 214-767-6505

State of Connecticut
Consolidated Statewide Cost Allocation Plan
Summary of Fixed Costs By Department Groupings

Super Agencies

Summary Totals By Super Agencies	Auditor of Public Accounts	Office of State Treasurer	Office of State Comptroller	Office of Policy and Management	Department of Administrative Services
Department Of Agriculture	\$ -	\$ 1,921	\$ 79,219	\$ (5,134)	\$ 219,442
Business Regulations	-	6,026	200,346	118,885	78,345
Department Of Children & Families	549,578	64,134	1,081,112	2,262,987	7,054,061
Consumer Protection	-	4,224	170,212	211,950	(411,472)
Department Of Corrections	121,011	150,080	2,453,343	3,931,522	14,902,302
Economic Development	-	5,311	117,420	(345)	(107,090)
State Board Of Education	53,778	70,359	1,824,090	615,378	8,069,681
Environmental Protection	-	37,689	931,633	825,859	2,158,659
Department Of Public Health	67,330	24,599	752,452	1,015,618	2,475,211
Higher Education	154,258	465,146	6,309,568	352,201	6,975,067
Department Of Social Services	1,791,380	40,692	684,197	2,084,565	4,080,930
DSS DAS-Collections	-	-	-	-	6,215,680
Judicial Department	66,744	138,099	2,595,063	156,607	1,179,426
Department Of Labor	467,232	33,400	1,066,990	583,351	(69,119)
Department Of Mental Health	159,163	96,130	2,207,771	1,926,692	8,875,726
Department Of Developmental Services	229,646	75,514	1,501,957	2,194,917	6,506,005
Department Of Motor Vehicles	-	21,260	391,868	253,450	891,936
Department Of Public Safety	56,178	55,561	1,138,372	1,181,725	6,217,322
Department Of Revenue Services	-	14,246	473,958	453,584	1,446,014
Department Of Transportation	20,667	129,068	6,380,641	1,319,264	4,332,530
All Others	65,898	85,505	1,514,801	627,577	9,038,520
Totals	\$ 3,802,862	\$ 1,518,964	\$ 31,875,012	\$ 20,110,653	\$ 90,129,175

State of Connecticut
Consolidated Statewide Cost Allocation Plan
Summary of Fixed Costs By Department Groupings

Super Agencies

Summary Totals By Super Agencies	Department of Information Technology	Department of Public Works	Office of The Attorney General	Payment In Lieu of Taxes	Tuition Reimbursement
Department Of Agriculture	\$ 41,133	\$ 267,869	\$ 629,311	\$ 205,692	\$ 7,668
Business Regulations	150,673	200,447	207,086	62,333	14,355
Department Of Children & Families	1,139,946	3,408,122	6,481,491	1,724,544	664,647
Consumer Protection	98,807	1,195,353	482,611	72,791	31,984
Department Of Corrections	1,288,958	1,850,229	3,118,812	9,914,545	442,958
Economic Development	62,075	583,078	243,819	49,823	1,431
State Board Of Education	(280,349)	2,182,302	192,884	4,479,493	522,598
Environmental Protection	887,402	2,176,763	1,110,040	411,759	86,842
Department Of Public Health	420,585	4,209,545	318,040	446,807	(56,749)
Higher Education	663,790	738,887	1,315,296	37,374,731	70,803
Department Of Social Services	977,077	2,339,451	334,422	209,046	189,135
DSS DAS-Collections	-	-	-	-	-
Judicial Department	263,448	596,730	475,397	5,332,851	-
Department Of Labor	1,579,350	353,585	533,250	138,930	31,695
Department Of Mental Health	1,043,554	1,769,750	594,718	2,587,303	376,994
Department Of Developmental Services	561,507	1,616,010	414,264	560,287	(20,385)
Department Of Motor Vehicles	687,591	-	532,617	224,452	57,098
Department Of Public Safety	4,085,630	1,020,660	922,697	2,033,452	46,658
Department Of Revenue Services	242,370	2,029,789	184,461	204,229	272,557
Department Of Transportation	1,332,380	-	1,296,708	5,331,706	137,128
All Others	1,512,651	3,577,355	1,426,912	2,643,328	78,135
Totals	\$ 16,758,577	\$ 30,115,925	\$ 20,814,837	\$ 74,008,102	\$ 2,955,551

State of Connecticut
Consolidated Statewide Cost Allocation Plan
Summary of Fixed Costs By Department Groupings

Super Agencies

Summary Totals By Super Agencies	Sub-Total	Adjustment From 2021 Fixed Costs	Total
Department Of Agriculture	\$ 1,447,123	\$ -	\$ 1,447,123
Business Regulations	1,038,496	-	1,038,496
Department Of Children & Families	24,430,621	-	24,430,621
Consumer Protection	1,856,459	-	1,856,459
Department Of Corrections	38,173,760	-	38,173,760
Economic Development	955,521	-	955,521
State Board Of Education	17,730,214	-	17,730,214
Environmental Protection	8,626,646	-	8,626,646
Department Of Public Health	9,673,438	-	9,673,438
Higher Education	54,419,747	-	54,419,747
Department Of Social Services	12,730,895	-	12,730,895
DSS DAS-Collections	6,215,680	-	6,215,680
Judicial Department	10,804,364	-	10,804,364
Department Of Labor	4,718,664	-	4,718,664
Department Of Mental Health	19,637,801	-	19,637,801
Department Of Developmental Services	13,639,723	-	13,639,723
Department Of Motor Vehicles	3,060,271	-	3,060,271
Department Of Public Safety	16,758,255	-	16,758,255
Department Of Revenue Services	5,321,207	-	5,321,207
Department Of Transportation	20,280,094	-	20,280,094
All Others	20,570,681	-	20,570,681
Totals	\$ 292,089,658	\$ -	\$ 292,089,658