



State of New Jersey

PHILIP D. MURPHY
Governor

Office of Information Technology
P.O. Box 212
Trenton, New Jersey 08625-0212

SHEILA Y. OLIVER
Lt. Governor

CHRISTOPHER J. REIN
Chief Technology Officer

February 24, 2021

Mr. Darryl Mayes
Deputy Director, Program Support Center
US Department of Health & Human Services
26 Federal Plaza, Room 41-122
New York, New York 10278
CAS-NY@psc.hhs.gov

Dear Mr. Mayes:

We are pleased to submit the Fiscal Year (FY) 19 Federal Year End Cost Allocation Plan (CAP) based on actual expenditures and statistics. Enclosed are the following documents for your perusal and approval:

1. FY 2019 Cost Allocation Plan Narrative that outlines all OIT costs and how costs are allocated to OIT services.
2. FY 2019 Federal Year End CAP Report in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is based upon actual cost and usage for FY 2019.
3. FY 2019 Federal Year End Financial Schedules in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

The FY 19 Year End CAP represents NJ OIT final CAP for and rates for FY 19 to be used for final federal claiming and reconciliation purposes.

If you have any questions or require any additional information, please contact me at 609-376-7105.

Thank You.

Sincerely,

A handwritten signature in cursive script that reads "Fred Landsky".

Frederick Landsky
Chief Financial Officer

cc.
Chris Rein, Chief Technology Officer

CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

1. All costs included in this proposal dated January 20, 2021 to establish cost allocations or billings for the fiscal year ended June 30, 2019 are allowable in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
2. All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

NJ Office of Information Technology

Governmental Unit



Signature

Fred Landsky

Name of Official

Chief Financial Officer

Title

2/24/21

Date of Execution

OFFICE OF INFORMATION TECHNOLOGY
COST ALLOCATION PLAN NARRATIVE
FY19 Federal Year End CAP

Effective July 1, 2018



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PART I
CERTIFICATION

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Governmental Unit

Signature

Name of Official

Title

Date of Execution

PART II
INTRODUCTION

Introduction

The Office of Information Technology (OIT) is the central organization for the management and delivery of the State of New Jersey's information technology (IT) and telecommunications infrastructure. The organization works closely with agencies to provide consistent, responsive, high quality IT services to New Jersey's diverse constituencies resulting in improved program delivery.

OIT is comprised of approximately 650 employees under the direction of the Chief Technology Officer (See organizational chart in Appendix A). The organization is composed of executive and administrative units which support the entire organization and operational units that provide information technology services to over 16 state agencies and several quasi agencies. OIT has several operational units which provide internal support to other OIT operational and administrative units.

Costs included in the OIT cost allocation plan (CAP) and rate setting structure consist of costs which are directly identifiable with a particular service offering, as well as indirect costs. Indirect costs flow from the highest levels of management and administration to the level of direct service provided based on fair and equitable allocation methodologies. The CAP provides a uniform approach to identify, assign, and allocate all OIT costs on a reasonable and consistent basis in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The OIT CAP narrative provides a detailed description of the methodologies used to allocate direct and indirect costs to OIT's various service offerings for the development of cost based billing rates.

OIT is operating as an internal service organization providing major information systems support to agencies of the State of New Jersey. As such, it is supporting federal programs administered by certain agencies. Billing rates are established to recover the costs of operations from federal and other non-state funded users of OIT services.

OIT's operating activity is maintained in a State General Fund account. OIT receives approximately 45% of its operating budget through a direct General Fund appropriation and 55% of its budget recovered through charges.

All costs direct and indirect are included for purposes of rate development. For federal claiming purposes, however, rates are developed to recover those costs of operations which are allowable for federal reimbursement consistent with the cost principles in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

In order to manage this funding model OIT develops four separate cost allocation plans annually as follows:

1. State Budget Cost Allocation Plan - Used to Prepare Rates for State Funded Clients Based on Estimated Costs for FY Plan is Effective
2. Federal Budget Cost Allocation – Used to Prepare Initial Rates for Federal and Other Non-State Funded Clients based on Estimated Costs for FY Plan is Effective
3. State Year-End Cost Allocation Plan – Used to Reconcile Estimated with Actual Costs of Services and Prepare Final State Rates
4. Federal Year-End Cost Allocation Plan – Used to Reconcile Estimated costs with Actual Costs of Services and Prepare Final Rates for Federal Clients based on Actual Costs

OIT provides the same range of billable services to both state and non-state designated clients. Under this funding model OIT prepares invoices for services for both state and non-state designated clients. However, the invoice for state clients is for informational purposes only as the state share of OIT services for all Departments is included in OIT's General Fund appropriation with the exception of direct purchases OIT makes on behalf of a Department for which are direct billed to each Department in full, and use of the OIT time tracking system (known as eCATS) for which each Department using the system is billed in full. Generally, federal claiming rates tend to be greater than state billing rates, specifically in the case of personnel rates, which include the fringe benefits.

Specific differences between state and federal allowable costs included in the CAP fall into the following categories:

- Statewide indirect costs (SWCAP) (federal only)
- Fringe benefits (federal only)
- Rental payments on facilities (federal only)
- Capital equipment outlay (when paid out of general operating funds - state only) versus the period charge for depreciation of capital equipment (federal only)
- Buildings and construction depreciation (federal only)

In accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix V to Part 200—State/Local Government and Indian Tribe-Wide Central Service Cost Allocation Plans a comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the Fiscal Year actual allowable costs of the service will be included in the Fiscal Year Federal Year-End CAP and an adjustment will be made for the difference between the revenue and the allowable costs. At year-end, rate adjustments will be made on the federal cost basis and year-end federal claiming reports based on actual costs will be sent to these agencies. It is each agency's responsibility based upon year-end rates, to adjust charges to federal programs accordingly. Adjustments are to be applied retroactively to each program for the entire fiscal year.

Cost Allocation Plan Process

OIT maintains sub orgs (cost centers) in the state accounting system, New Jersey Comprehensive Financial System (NJCFS), to track costs as transactions occur. In addition, starting in FY19,

OIT is tracking costs within a given sub org (cost center) additionally by activity code. These activity codes represent the service(s) that cost center supports. Thus, individual YE expenditures can now be attributed to not only the originating cost center, but also the specific activity/service/function that expense is supporting. OIT costs consist primarily of staff salaries and wages and related costs, maintenance, rental fees, supplies, software and information technology equipment.

Capital assets consisting primarily of software and equipment are properly depreciated in the cost allocation plan. In these cases, existing and newly acquired equipment have been capitalized using an estimated useful life of five (5) years for hardware and three (3) years for software, reflecting Industry Standards. Because salvage value cannot be reasonably determined due to rapid advances in technology, it is not considered. OIT follows appropriate accounting principles and procedures upon disposal or trade-in of data processing equipment.

OIT cost centers are identified and allocated on a functional level within the plan. The computations of separate and specific detailed allocations are integral to the costing method employed and provide for heightened accuracy in final cost determination. This is particularly important in data processing environments because of the variety and magnitude of costs incurred.

The cost allocation process for OIT is a multi-iteration method of allocation. This method takes form in the distribution of costs to both internal sections and service categories and provides for one level of cross-allocation between the internal cost departments. Accuracy in costing is appreciably increased through use of a multi-iteration method.

Schedules contained within each department of the cost allocation plan illustrate the direct costs incurred or year-end totals; allocated costs from other central service cost departments and other adjustments in total and by function. Detailed allocation schedules identify how functional costs are distributed to receivers. The statistical bases, which serve to proportion costs among receivers, are clearly noted on each schedule. Cost allocation summary schedules appearing at the end of each section show the total costs allocated to each receiver by function. Upon completion of all allocations, a plan summary schedule is prepared showing the final cost elements identified with each billing/service category and component amounts allocated from each internal cost department. The OIT cost allocation plan provides a clear and concise record of how the total costs of providing various data processing services have been developed.

Select Expenditure Categories

Statewide Cost Allocation Plan

On an annual basis, the State of New Jersey prepares a Statewide Cost Allocation Plan (SWCAP), which identifies administrative support costs incurred by various state central service departments on behalf of other operating divisions and agencies. SWCAP costs in OIT's plan are considered as a single cost center, with the various types of administrative costs separately identified and allocated. Through this process, statewide indirect costs, allowable under federal cost principles

and applicable to OIT, are distributed to specific cost centers and eventually to service category cost pools.

Personnel / Professional Services Costs

Actual salary and wage costs included in the FY19 State YE Cost Allocation Plan and Federal Budget Cost Allocation were developed based on actual FY19 annual salary and wage costs as queried from both NJCFS (State accounting system) and the payroll datamart .

Fringe Benefits

The FY19 State Cost Allocation Plan does not include the costs of fringe benefits for employees as these costs are paid centrally for all state employees. As provided for by the Uniform Guidance, the FY19 Federal Budget and Year-End CAP includes the costs of fringe benefits for employees. These costs consist of pension benefits, health insurance, unemployment insurance, etc. In addition, the State pays the employer share of Social Security (FICA) and Medicare for applicable salaries and wages paid to employees.

Fringe costs included in the FY19 Federal YE CAP are based on the negotiated FY19 fringe benefit rate estimate of 41.4 % as calculated by the New Jersey Office of Management and Budget (OMB). The Federal Budget CAP also includes a federal social security contribution rate of 6.2% on wages up to \$132,900 and 1.45% on total wages for employer's Medicare contribution.

Construction and Major Improvement Costs

There are no major construction or improvement costs included in the current fiscal year CAP.

Information Technology Hardware, Software, and Other Equipment

Expenditures for data processing software, hardware, and equipment are identified under NJCFS object code 34 series (Information Processing Development and Related Services) and 77 series (Information Processing Equipment).

OIT uses Letter of Credit loans to provide for all capital asset purchases. Principle and interest payments associated with the loans are not included in the State or Federal Cost Allocation Plans.

In the Federal Budget Cost Allocation Plan and Federal Year-End Cost Allocation Plans where applicable, information technology software, hardware, and equipment costs are adjusted to reflect capitalization and associated depreciation expense. In these cases, existing and newly acquired equipment have been capitalized using an estimated useful life of five (5) years for hardware and three (3) years for software, reflected in Industry Standards. Because salvage value cannot be reasonably determined due to rapid advances in technology, it is not considered. OIT practices appropriate accounting principles and procedures upon disposal or trade-in of data processing equipment. Beginning in FY16 costs of desktop computing devices have been classified as supplies with the full cost included in the plan in accordance with the Uniform Guidance.

Miscellaneous Other Expenditures

In addition to the major items of salaries and processing equipment, other costs incurred included in the FY19 Federal YE and State Cost Allocation Plans includes actual costs of materials and supplies, travel, telephone, maintenance of miscellaneous equipment, and other minor operational costs.

These other expense elements usually represent a substantially smaller percentage of total costs as compared to salaries and equipment. Because of this fact, underlying detail is not always available for assignment to appropriate internal operating sections. Nonetheless, analysis of these costs is performed in order to determine application and usage by various cost centers in providing services.

Within the cost allocation plan, non-personnel service costs are identified and allocated as follows:

- Printing and Office Supplies – costs are primarily incurred in support of computer operations, including stock paper, ribbons, tape, etc. These costs have been identified with the Computer Operations sections in the plan and are directly assigned to specific functions when determinable. Other office supplies are also charged to specific internal users where applicable.
- Travel – is included as a miscellaneous cost and allocated based on allocation methods appropriate for the service delivery of the originating cost center.
- Telephone – costs are split between voice and data lines. Data lines are assigned to the network circuit rate category. Voice lines are allocated to internal sections on the basis of the number of staff.
- Office Furniture and Other Equipment – costs are capitalized over ten (10) years and allocated to functional units that are affected based on direct identification (federal cost allocation plan only). There were no furniture expenses in the FY19 YE CAP.
- Building Rental – costs are separately identified and allocated based on full time equivalents or direct allocation to cost centers (federal cost allocation plan only).

Within operating sections, costs are further functionalized based on direct assignment, historical utilization, support data, or salaries and wages. Salaries and wages are used only where the usage does not cause unreasonable cost relationships and when other supporting data is unavailable.

OIT maintains the Cost Allocation and Recovery (CAR) system to prepare invoices for both state and non-state designated clients. This system is an online client user application that provides electronic access to invoices, reports, and statistics.

RATE SETTING

The FY19 YE CAP includes the following rates.

Professional Services Rates

Professional Services rates apply to those categories referred to as direct service billing areas. These include service areas which are typically billed to users on an hourly personnel rate basis.

In FY19, OIT used seven levels for staff services rates.

The first four levels of professional services rates are represented as IT skill levels. The ranges are as follows:

- Level 1 includes Junior Software Developers
- Level 2 includes Mid-Level Developers
- Level 3 includes Senior Developers
- Level 4 includes High-Level Developers and Managers.

The remaining three staff services are listed below:

- Digital Services – staff services relating to web site development, multi-media and print communications.
- Enterprise Data Services – staff services relating to IT data management; either data architecture and standards, database, or data warehousing technologies.
- Operations Services – staff services relating to design, implementation, and execution of IT operations.

For each category, accumulated costs, which include salary, fringe, FICA benefits (Federal Budget and Federal Year-End Plans only) and overhead costs, are then divided by the estimated total billable hours in FY19 for that service.

The use of billable hours for calculated rates is a prime element in cost recovery. Typically, two classes of non-billable time reduce total work hours to an actual billable amount. The first class includes time spent on vacation, sick, military, emergency, or training leave plus state holiday and personal leave days. The second class of non-billable time includes hours during which direct service personnel are at their respective job sites but engaged in activities, which are not assigned to specific billable work projects. This includes internal and general administrative, special project, break or otherwise non-billable time. Total actual work hours, less time devoted to the two classes of non-billable activity discussed above, result in the number of billed hours for each of the professional services rate categories.

Enterprise Applications

OIT maintains a number of Enterprise Applications which are of benefit to all State agencies. These include State Purchasing, Personnel / Position Mgmt, the State Accounting System, the State Payroll system, and Pensions. State Organizations are charged based on their number of full time regular paid employees, per month. The specific services are:

- njPersonnel – the application which manages employees within the State Position Management system
- njPurchases – the Statewide purchasing system

- njFinances – the State Accounting system
- myPayCheck – the State centralized payroll system, from which all State employees are paid
- myBenefits – the State Pension system, which all active employees contribute to, and all retired employees are paid from.

Managed Hosting Services

Managed hosting services are designed to maximize the performance and availability of public-facing, revenue generating and mission-critical applications. Managed Hosting Services come in three flavors at OIT: CoLocation, IaaS and PaaS.

CoLocation Services

OIT maintains several on-site datacenters to host a variety of IT hardware, software and applications for many clients. The data centers are physically secure, managed 24/7 and managed through the use of remote monitoring tools. Some clients require nothing more than the physical hosting of their IT hardware equipment with OIT supplying the datacenter footprint, HVAC, electric, network connectivity, physical security, and network border security. The client maintains all the remaining aspects of the server, software and applications themselves. This is offered as the CoLocation Service.

Infrastructure as a Service (IaaS)

Infrastructure providing compute, storage and network services allowing customers to host and manage their own applications in a managed environment. Typically, in this service, OIT provides the physical or virtual server, and the client maintains everything within the server themselves.

Platform as a Service (PaaS)

A managed hosting service providing customers the ability to develop and deploy apps without needing to build or manage the infrastructure. Typically, in this service, OIT provides and maintains all the software/middleware components which host the application.

Database Services

OIT offers three managed database services:

Oracle Database

Oracle database hosting is provided based on the CPU seconds consumed by each client application.

Microsoft SQL Server (Enterprise Edition)

SQL Server Database EE hosting is provided based on the number of server cores hosting that database.

Microsoft SQL Server (Standard Edition)

SQL Server Database SE hosting is provided based on the number of server cores hosting that database.

myNJ Services

The New Jersey state portal provides authentication and authorization services for hosted State applications, as well as content management and presentation services. Customized content is provided to both NJ public citizens as well as registered State employees. Only State employees are charged for their use of the myNJ portal.

Enterprise Security Operations

The Enterprise Security Operations fee is a monthly charge per protected workstation to agencies that are provided network related services. To provide the most secure infrastructure possible and accessibility for the citizens of New Jersey, the State has invested significantly to protect its assets. This service provides network border management, intrusion protection, virus protection, and other related services to protect all internal State IT assets.

The Continuous Monitoring Service rate is calculated monthly based on FTE count of the given Agency/Organization.

Mainframe Processing

OIT hosts a mainframe platform used by a number of agencies. This includes the IBM and Bull mainframes. Support and hosting costs for IBM mainframe are billed based on annual CPU seconds usage. Machine based rates apply to specific activities or service categories for which the services provided can best be accounted for in terms of machine usage statistics. The charges are based on three sub-services: batch processing, online processing (CICS) and interactive processing (TSO/ROSCOE)

Costs for services of Bull mainframe are charged back to a single client (Dept. of Human Services) as a direct charge.

Printing

OIT provides printing services to agencies which include all aspects of physical hardcopy media generation from the datacenters to printed pages, forms, mailers, inserts, computer disc manufacture, and checks. Rates are based on the number of images printed.

Network Based Rates

New Jersey's Wide Area Network (WAN), servicing government customers at over 1,200 locations throughout the State through fault tolerant connectivity with local access connections.

Server Storage

In order to provide the storage demands of applications for the State of New Jersey and the public, OIT offers storage services for primary, backup, archive, Flash and eDiscovery storage. The type of storage is in a distributed server, high speed fiber connected Storage Area Network (SAN) array which is configured according to client's needs.

The Server Storage rates are calculated per Gigabyte (GB) per month based on the amount of storage directly attributed to each organization. In FY19 there are five flavors of server based storage: Primary, Backup, Archive, Flash, and eDiscovery.

Time Tracking Subscription

The Time tracking subscription charge is for the hosting of the Statewide Time Tracking application (referred to as eCATS) and the use by authorized State employees statewide.

The charge is a monthly fee per employee using the system for that given agency/organization. All Departments (state and non-state clients) using the application are invoiced.

CloudConnect

CloudConnect is an internet based email and collaboration-ware solution provided by Microsoft Office365 which is offered to all participating state Organizations. CloudConnect is billed based on the number of employees per participation Organization.

Telecommunications Services

OIT offers several managed Telecommunication services:

Voice over IP (VoIP) Services

Telephone voice services offered over the TCP/IP network to participating clients.

Hosted Call Center Services

Managed call center services provide Voice over IP (VoIP) automated intelligent phone routing and call processing for clients.

Usage Statistics

Actual usage statistics were applied in the development of the FY19 State and Federal YE CAP rates.

Rate Setting Summary

In keeping with OIT's consolidated organizational concept, machine usage will be billed to users on a standard rate basis, developed for all similar services provided by all data centers.

Staff services that cover the following areas: project management, system analysis, and software development will be billed using standard rates.

All billing categories reflect statewide central support service costs, OIT overhead costs, and direct costs as applicable to the service or activity.

PART III
COST ALLOCATION METHODOLOGIES

PLAN DEPARTMENT 1: STATEWIDE COST ALLOCATION PLAN (SWCAP)

SWCAP pertains to the allocation of statewide central services such as budgeting, purchasing, accounting, and motor pool.

1 - SWCAP

Code	Cost Pool Name	Cost Pool Description	Allocation Method
100	Statewide Cost Allocation Plan (SWCAP)	Allocation of statewide central service functions.	All FTE staff contributing to delivery of a service

PLAN DEPARTMENT 2: EXECUTIVE AND ADMINISTRATIVE SERVICES

Code	Cost Pool Name	Cost Pool Description	Allocation Method
101	Chief Technology Officer (CTO)	The New Jersey Office of Information Technology (OIT) is the central IT organization that oversees the technology infrastructure for the executive branch of state government. It is this infrastructure that enables the state to deliver vital services to New Jersey's citizens and businesses every day. The CTO's Office provides oversight and support to all OIT staff.	All FTE staff contributing to delivery of a service with certain individual procurements direct to Operations Services as appropriate
130	Data Governance	This unit creates and administers State-wide standards and policies for the use of information technology data as it relates to its use in IT systems.	All FTE staff contributing to delivery of a service
131	Policy Division	The Office of Policy and Planning is responsible for managing: • Policies for OIT • Statewide information technology (IT) policies • IT research • The administration of OIT and statewide strategic IT planning Its mission is to collaborate with OIT and agency staff in establishing, administering and monitoring policies and plans that enable state departments to fulfill their business needs and ensure accountability in the process.	All FTE staff contributing to delivery of a service
203	Human Resources	The Human Resources Office provides services and support in the personnel area including staffing, and the implementation of state and OIT policies meant to ensure quality performance by all OIT employees.	All FTE staff contributing to delivery of a service
220	Financial Management	Financial Management Unit is responsible for all the fiscal functions of OIT. The unit provides oversight, direction, support and services to OIT in the areas of:	All FTE staff contributing to delivery of a service with certain procurements charged direct to individual clients where appropriate

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		- Contract Negotiation and Administration - Procurement - Accounts Payable - Accounting and Financial Reporting - Grant Award Management - Operating Budget - Capital Budget - Cost Allocation/Rate Development - Billing and Accounts Receivable - Federal Fiscal Compliance - Asset Management and Fixed Assets Inventory Reporting System	
240	Training and Staff Development	This Training and Staff Development Unit manages OIT's training resources. It coordinates, develops and implements training plans and activities in support of the agency's strategic plans.	All FTE staff contributing to delivery of a service
250	Employee Relations	The Employee Relations Unit provides management and enforcement for the consistent application of employee rules, regulations, policies and procedures. They ensure that all OIT employees are given due process on complaints, grievances and disciplinary procedures.	All FTE staff contributing to delivery of a service
330	Facilities	The Facilities unit provides support to the entire OIT organization in areas such as physical plant alterations and capital projects, building and computer room maintenance, physical security, space allocation, surplus equipment, mail delivery, copier maintenance, and fleet management.	Identified costs allocated directly to services CoLo, IaaS, PaaS, IBM mainframe, Print. Remainder allocated to all FTE staff contributing to delivery of a service
331	Facilities-Riverview	This cost pool represents costs of the Riverview facility operated by OIT.	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
332	Facilities - HUB	This cost pool represents costs of the HUB facility operated by OIT.	All FTE staff contributing to delivery of a service
332	Facilities - River Road	This cost pool represents costs of the River Road facility operated by OIT.	All FTE staff contributing to delivery of a service
334	Facilities -OARS	This cost pool represents costs of the OARS facility operated by OIT.	All FTE staff contributing to delivery of a service

PLAN DEPARTMENT 3: OPERATIONAL SERVICES

Code	Cost Pool Name	Cost Pool Description	Allocation Method
103	Office of the Chief Operating Officer (COO)	The Chief Operating Officer is responsible for oversight of all the operating units of OIT and ensuring that the central information technology functions are operating as efficiently and effectively as possible. (Odysseus)	All FTE staff contributing to delivery of a service
108	ISS – Governor’s IT Support	The ISS – Governor’s Office IT Support is the technical staff for the Governor’s Office. The group supports any of the technical needs of the Governor’s Office, including network connectivity, passwords, software, and desktop support. Governor’s Office IT Support also serves as the liaison between the Governor’s Office and the departments and agencies, coordinating application development and communications needs.	All FTE staff contributing to delivery of a service
150	Enterprise Technology	Costs associated with certain Enterprise application development.	Allocated to Application Development personnel based on billable hours, and Enterprise Data Services, with the remainder allocated across all FTE staff contributing to delivery of a service
160	Digital Svcs	The Digital Services group provides its services in Web development to expand and enhance the state’s Internet presence. The office develops web sites, a variety of communications media content both electronic and hard-copy.	Billable hours Direct to Digital Svcs with remainder allocated across FTE staff contributing to delivery of a service
225	Agency LAN	This unit is responsible for managing the technical infrastructure and network connectivity of a given Agency to the State-wide network.	Certain procurements are charged direct to individual clients where applicable with all other costs allocated across FTE staff

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		The unit was not yet fully developed in FY19.	contributing to delivery of a service
226	Managed Hosting	This unit is responsible for managing the technical infrastructure related to servers supporting to an individual Agency. The unit was not yet fully developed in FY19.	All FTE staff contributing to delivery of a service
270	Telecommunications – Telephone Billing	The Telecommunications – Telephone Billing Unit is responsible for processing monthly telecommunications bills for the entire state (which includes all agencies) and all vendors. This includes oversight, approval and reporting systems covering invoices for telephones, data circuits, 800 service, conferencing, calling cards, language lines, pay phones, cell phones and communication devices, internet, etc. Costs are assigned to the statewide telephone account and are excluded for rate calculation purposes.	Certain procurements were allocated to Voice where applicable with the remainder was allocated Direct to Telecomm
302	Business Development	Costs associated with business development staff.	All FTE staff contributing to delivery of a service
320	Enterprise Security Operations	The Enterprise Security Operations Unit is responsible for information security intelligence for statewide IT services. The unit provides a wide range of services including creating and administering IT security policies statewide, malware detection services, denial of service attacks, Malware virus scans, vulnerability assessments, managing secure file transfers, hosting OIT's email system and managing the state's public key infrastructure. This cost pool represents salary costs only. All non-salary costs for information security are paid from the Homeland Security office.	Salaries allocated Direct to Enterprise Security Operations. NonSalary costs allocated to Enterprise Security Operations or FTE staff contributing to delivery of a service based on the nature of the procurement

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
321	Infrastructure Security Unit	Unit responsible for administering security for IT infrastructure such as servers, etc.	Salaries allocated to IaaS, PaaS, and Enterprise Security Operations
340	Project Management Office	The Project Management Office is responsible for coordinating, and, at times, leading large enterprise initiatives that have complex engagement parameters and require broad support from the OIT organization. Additionally, the unit provides consultative guidance to in-house staff regarding best practices for application development and implementation, engagement management, project management and control, risk assessment and mitigation, cost estimation techniques engagement parameters and require across the board support from the OIT organization.	All FTE staff contributing to delivery of a service
370	Change Management	The Change Management Unit manages all IT related change requests and IT incident management for the Division. The unit maintains the change management database (CMDB).	All FTE staff contributing to delivery of a service
401	Print Services	The ISS – Print Operations Division manages all aspects of physical hardcopy media generation from the datacenters to OIT customers (printed pages, forms, mailers, inserts, CD manufacture, checks).	Allocated Direct to Print Service
402	Print Services Management Team	The ISS – Print Operations Manager oversees the Print Operations Unit Staff.	Allocated Direct to Print Service
409	Storage Virtual Mainframe (Tape)	A cost center to aggregate costs associated with the ‘Virtual Tape Library’ software and hardware.	Direct to Mainframe Virtual Tape

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		There are no personnel in this cost center.	
410	Storage Operations – Management Team	Data Storage Manager oversees operations of the Data Storage Services	All FTE staff contributing to delivery of a service
411	Storage – Mainframe Storage	Data Mainframe Storage cost pool pertains to OIT data storage attached to the mainframe servers billed in a specific way oriented to mainframe disk drives.	Direct to Storage Mainframe Disk
412	Storage - Archive	Storage Distributed Archive cost pool pertains to specific data archiving.	Salaries allocated to Storage (Primary, Backup, Archive, eDiscovery, Flash) based on staff responsibilities; NonSalary - Direct to Storage Archive
413	Storage –Primary	Distributed Storage Primary cost pool pertains to OIT data storage attached to all forms of servers, called a storage area network (SAN).	Salaries allocated to Storage (Primary, Backup, Archive, eDiscovery, Flash) based on staff responsibilities; NonSalary - Direct to Storage Primary
415	Storage - Backup	Data Back Up Storage cost pool pertains to costs associated with backing up storage data.	Salaries allocated to Storage (Backup, eDiscovery) based on staff responsibilities; NonSalary - Direct to Storage Backup
416	Infrastructure Svcs	Infrastructure Services staff who provide billable hourly services of a technical nature to clients.	Salaries allocated to overhead, IaaS, or Operations Services based on job role
417	Storage - Flash	Flash Storage cost pool pertains to costs associated with flash storage.	Direct to Storage Flash
419	Storage - eDiscovery	eDiscovery Storage cost pool pertains to costs associated with eDiscovery storage.	Direct to Storage eDiscovery
420	System Command Center (SCC)	The System Command Center is responsible for the monitoring mainframe server consoles.	All FTE staff contributing to delivery of a service
450	Print Support	The ISS – Print Support costs associated with designing and managing print systems. (Deprecation only as of FY2018.)	Direct to Print

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
470	Server Hosting	The ISS – Server Hosting Platform group manages all aspects of installation, configuration, and daily management of all non-mainframe oriented servers (UNIX and Windows flavors, both physical and virtual), patch management, continuity of service delivery, and capacity planning.	Direct to IaaS.
471	Co-Location Svcs (CoLo)	Costs associated with co-location Services (datacenter hosting of client supplied servers).	Allocated Direct to CoLo, with one procurement to overhead.
472	Infrastructure as a Svc (IaaS)	Costs associated with infrastructure as a service.	Salary allocated to (Overhead, IaaS, PaaS, Security Operations, Network) based on job roles; Nonsalary allocated to IaaS, Security Ops, or charged direct to clients as appropriate
473	Platform as a Service (PaaS)	Costs associated with platform as a service.	Salary allocated to (Overhead, IaaS, PaaS) based on job roles; Nonsalary allocated to PaaS
490	Mainframe Hosting Platforms Management	The ISS – Mainframe Hosting Platforms Management unit oversees the IBM 390 and Bull mainframe hosting services.	Direct to IBM Mainframe 3 services based on ratio of CPU seconds of each service
493	Mainframe - IBM 390 Unit	The IMB 390 Mainframe Support Unit provides maintains the IBM 390 mainframe consisting of enterprise servers which host various client applications.	Salaries allocated to (Mainframe, IBM Disk, or IBM virtual Tape) based on job roles; NonSalary allocated to IBM Mainframe 3 services based on ratio of CPU seconds of each service, except a few minor procurements allocated to Overhead or Operations Services
495	Mainframe - Bull Unit	The IBM Bull Mainframe Unit supports and maintains the Honeywell Bull mainframe which hosts specific Human Services client applications.	Direct to Bull direct charges

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
501	Operations Services – Management Team	Operations Services is responsible for planning, procuring, implementing and supporting the Infrastructure Security, Telecommunications, Data Center Svcs, Network, Mainframe, End User Computing, Managed Hosting, Solutions Mgmt.	All FTE staff contributing to delivery of a service or Direct to IAAS or Security Ops where appropriate
502	Solutions Mgmt	Costs associated with solutions management.	All FTE staff contributing to delivery of a service
503	Incident Management	The ISS -Incident Management Unit is responsible for incident management.	Salary allocated to (Overhead, CoLo, IaaS, Mainframe, PaaS) based on job roles, NonSalary allocated to all FTE staff contributing to delivery of a service
510	Data Center Management	The ISS – Data Center Management unit staff oversee all aspects of running the physical datacenters including electric, HVAC, server rack storage and organization, network and fiber cable/conveyance, server consoles (KVM), coordination among other technical hosting groups such as server administration, storage, and network.	Salary Allocated to (Overhead, IaaS, PaaS, CoLo, and IBM Mainframe) based on the number of staff hours worked supporting each area; NonSalary allocated to all FTE staff contributing to delivery of a service
511	Telecommunications – Voice Legacy Services	The Telecommunications – Voice Legacy Services Unit handles all aspects of wired communications, wireless communications, circuit administration, contract administration as it related to Legacy Verizon Telephone services, and manages the state Centrex operators.	Allocated to (TeleCom Direct Charge, Voice, Hosted Call Center, or Overhead) based on job role or the nature of the procurement
512	Telecomm – Call Center Hosting	This unit aggregates costs associated with hosting call centers for OIT clients.	Salaries allocated to Telecom Direct Charge. NonSalary allocated to (Hosted Call Center, or other client direct charges) based on the nature of the procurement

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
513	Telecommunications – Manager	The Telecommunications manager oversees the staff who manages all aspects of wired communications, wireless communications, circuit administration, contract administration, manage the State Centrex operators, and the OIT call center for customers.	Salaries allocated to (Telecom Direct Charge or Voice); NonSalary allocated to (Telecom Direct Charge) based on the nature of the procurement
514	Telecommunications – Contracts Management and Review	The Telecommunications Contracts Management and Review unit has responsibility for defining and executing the State’s Unified Communications Vision including contracts (RFP creation, assessment, award and contract management), planning and implementation of services, unified communications systems architecture, build out and ongoing management of the States Shared Communications Services platform, cost savings initiatives, agency consultation, project management as well as managing several consolidation initiatives throughout the State per Executive Order 42.	All FTE staff contributing to delivery of a service
515	OARS – DR (Disaster Recovery Services)	This unit aggregates costs associated with building and maintaining disaster recovery services for OIT clients.	All FTE staff contributing to delivery of a service
517	Telecomm – Voice over IP (VoIP) Services	This unit manages the installation, maintenance, upgrade of Telephone services for clients running over a traditional TCP/IP network (rather than a dedicated Verizon phone service).	Allocated to (TeleCom Direct Charge, Voice, Hosted Call Center, or Overhead) based on job role or the nature of the procurement.
520	Network Call Center	The ISS-Network Call center takes level 1 problem and incident calls from all OIT customers statewide, tracks, correlates, and refers incidents to level 2/3 support for resolution. Level 1 problems are resolved directly where possible.	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
540	Desktop Support	The ISS –Desktop Support Unit provides desktop support internally to OIT staff.	All FTE staff contributing to delivery of a service
570	Emergency Mgmt Services	This team is outside of OIT regular organizational duties. They manage the 911 network. Their expenses are direct charged back to special funding for 911 network. Their costs are outside of the rate-setting CAP. But their employees are on the OIT payroll.	Direct charged to 911 – Emergency Svcs
580	Enterprise Systems Manager	Costs associated with the overall management of the server environment (capacity planning, monitoring, global management). John Bachmann	Salary allocated to (Overhead, IaaS, PaaS) based on the number of staff hours worked in support of each of those services; NonSalary allocated to overhead
590	Network GSN support	The ISS – Network GSN Support Unit manages all aspects of running the Garden State network including: wide area network, local area networks, firewall management, intrusion management, architecture, service level management, remote access (VPN, extranets), wireless access, load balancing, redundant networks across multiple datacenters.	Salary allocated to (Overhead, Network, Ent Security Operations, or Mainframe) based on the number of staff hours worked in support of those services; NonSalary allocated to Network
591	NCC and Network management	The unit is the manager who oversees the Network Control Center and Network teams.	All FTE staff contributing to delivery of a service
592	Network– Management Team	The ISS Network Platforms Manager oversees all Network Services Units.	Direct to network circuits
593	Private Cloud	Private IT infrastructure as a service solution	All FTE staff contributing to delivery of a service
594	Cloud Services	This unit is responsible for administering and building Cloud Services for OIT and their clients. The unit is in startup mode for FY19, with minimal costs. This unit will grow in importance and costs in FY20.	All FTE staff contributing to delivery of a service
601	APPDEV - Mgmt	Manager of the Application Development staff.	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
630	APP DEV – Public Safety	Public Safety Unit is comprised of information technology professionals who design, develop and maintain information systems for Public Safety. This unit was phased out in FY19, but there were one or two employees left in it at that time.	All FTE staff contributing to delivery of a service
650	APP DEV – Administrative Services Unit	Administrative Services Unit is comprised of information technology professionals who design, develop and maintain information systems for all the Enterprise Applications.	Allocated to: Overhead, njPurchase, njPersonnel, njFinance, myPay, myBene, Level 1, level 2, level 3, level 4 based on the number of staff hours in support of each of those services
660	APP DEV – Business & Community Unit	Affinity – Business and Community Unit is comprised of information technology professionals who design, develop and maintain information systems for all Business and Community Agencies (Department of Transportation, Department of Environmental Protection, Department of Community Affairs, Department of Banking and Insurance, Commerce and the Office of Economic Growth, Agriculture, and Board of Public Utilities).	Allocated to: Overhead, Level 1, level 2, level 3, level 4 based on the number of staff hours in support of each of those services
665	myPayCheck	Professional Services in support of the State-wide Payroll system.	Direct to myPay
675	myBenefit	Professional Services in support of the State-wide Pension system.	Direct to myBene
680	Geographic Information Services (GIS)	The GIS team assists NJ agencies in geo-spatially enabling their applications as well as directly developing a number of GIS-enabled applications for agency and Statewide use. OIT hosts a significant number of geo-coded databases for clients to take advantage of (such as the NJ aerial survey).	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
700	ENT SERV - Management	EAS Management represents costs associated with managing the EAS Unit. (Andy Rowan)	All FTE staff contributing to delivery of a service or Direct to Security Ops where appropriate
701	ENT SERV – Arch Stnds	The EAS unit provides for all aspects of IT application services integration including such services as: architecture guidance and standards for IT application design and integration, identity management, maintenance and use of the NJ State Portal, user provisioning, ePayment services, other emerging Cloud services, aggregation of State services with similar affinity under Premier Business Services, integration of government data using Enterprise Service Bus, and authentication services.	All FTE staff contributing to delivery of a service
702	ENT SERV – Identity Mgmt	The Identity Mgmt team manages the software which allows customized channels logged on users of the myNJ Portal, as well as providing authorization and access services to “portal-ized” State applications.	Salary Allocated to overhead, or myNJ based on the number of staff hours in support of those services; NonSalary allocated to myNJ
802	ENT SERV – Governance, Design, and Consultation	EDS – Governance, Design, and Consultation provides a variety of services to customers from design advice and design services, creation of standards for the State, and creation, coordination, and management of the Statewide tier 1 data model for all NJ agencies and user groups.	All FTE staff contributing to delivery of a service or direct to Enterprise Data Services where appropriate
803	ENT SERV – Database Services	EDS – Database Services manages all aspects of installation, configuration, design, maintaining databases of all technologies, including ~~Oracle, SQL Server~~ , DB2, Adabas, Datacom, IMS and DM4.	Salary Allocated to overhead, or level 1, level 2, level 3, level 4 based on the number of staff hours in support of those services; NonSalary allocated to overhead
804	ENT SERV – Program Mgmt. (Data Warehouse Unit)	The EDS Data Warehouse Unit manages all aspects of providing data aggregation, data transformation, and data mining to State agency customers. This includes the Statewide tier 1 data model, and a variety of customer	Allocated to overhead, Ent Data Services, Oracle, SQL Server, or client direct charges based on the number of staff hours in support of those services or

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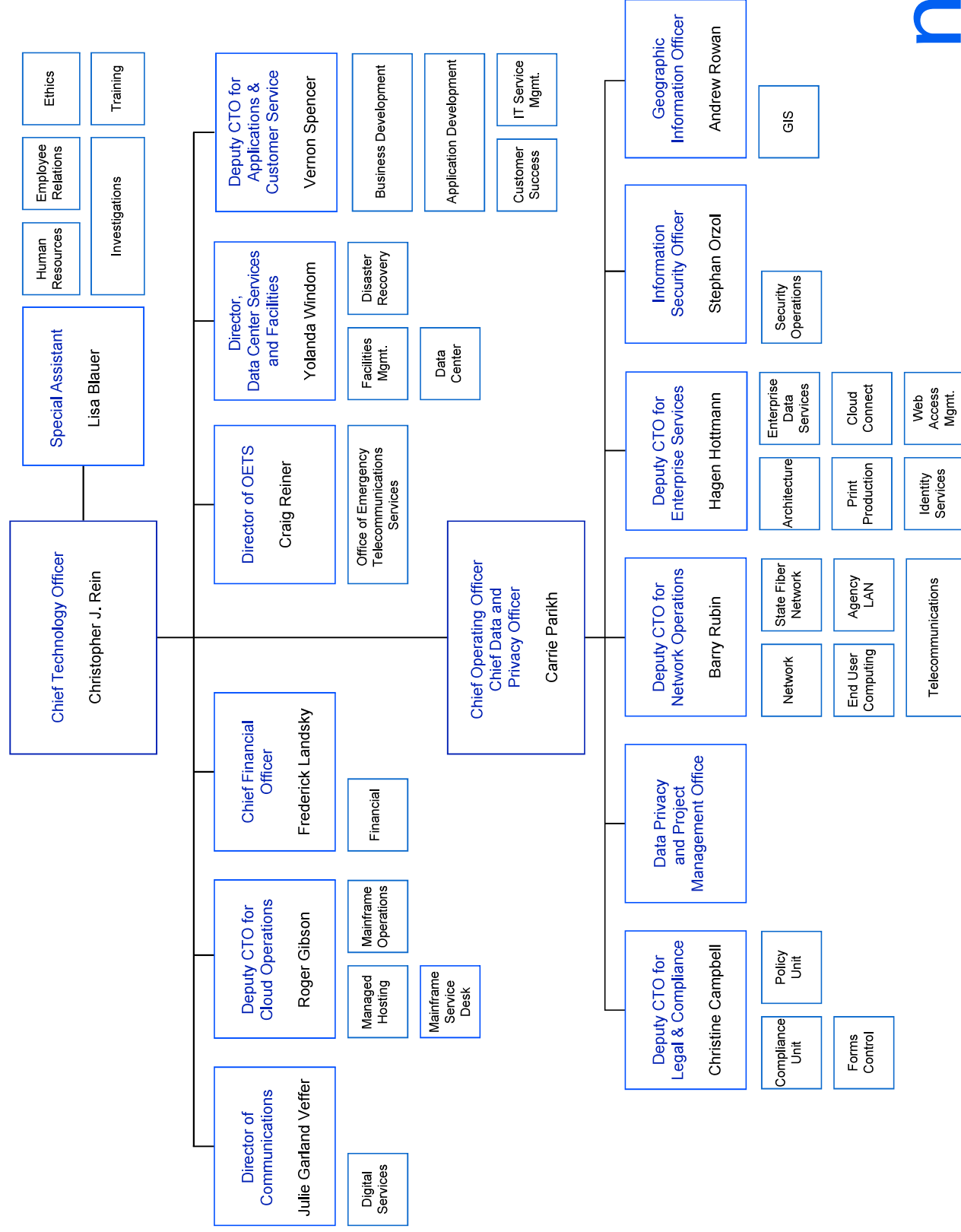
Code	Cost Pool Name	Cost Pool Description	Allocation Method
		specific data warehouses and data marts.	the nature of the procurement
806	ENT SERV – eCATS Support	The EDS – Time Tracking System support staff manages all aspects of the timesheet system, including user provisioning and onboarding new client agencies, managing the biweekly cycles of timesheets filled out by all engaged State employees, coordination with the State payroll and position mgmt. systems, all aspects of mgmt. reporting, coordinate with the vendor supplier of the application.	Direct to eCATS.
811	ENT SERV – SQL DB	Costs associated with SQL server.	Direct to SQL Server
812	ENT SERV – Oracle DB	Costs associated with Oracle database.	Direct to Oracle or Direct to Enterprise Data Services or overhead where appropriate.
813	Cloud Connect	Cloud Connect is the NJ Branding for MS Office 365, which is the new preferred State email system and collaboration platform.	Direct to CloudConnect

PLAN DEPARTMENT 4: OTHER OIT COSTS

Code	Cost Pool Name	Cost Pool Description	Allocation Method
951	Direct Charges	Costs which are on behalf of one client and are charged to and recovered back from that client.	Direct to Direct Charges
950	State Police MOU	This unit is app development staff dedicated to creating and maintaining applications for the State Police. This unit was decommissioned in FY19, and should not exist by FY20.	All FTE staff contributing to delivery of a service
952	Other TeleComm Charges	Other costs related to TeleComm support.	Direct to TeleComm
989	Other Miscellaneous Costs	Other direct charges include a few miscellaneous costs not included	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		elsewhere in the CAP, such as procurements which were mis-coded. The costs are very minimal in nature.	
999	Client pass-through procurements	These are purchases made on behalf of other State Agencies (OIT's clients) for whom purchasing through OIT rather than independently, is more expedient or contractually advantageous. The procurements are reimbursed by that agency at a net cost of zero to OIT. We call these 'Client Direct Charges'.	Client direct charges
1000	Unallowable Costs	This cost pool represents unallowable costs that may be incurred by OIT.	Direct to unallowable costs and excluded from the cost allocation plan and rate setting





CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 19-04-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 2
EFFECTIVE DATE: 07/01/2018	EXPIRATION DATE: 06/30/2019	SUPERSEDES: 18-06-OMB
SUBJECT: "EMPLOYEE BENEFIT" REIMBURSEMENT RATES		
ATTENTION: AGENCY FISCAL AND PERSONNEL OFFICERS		
FOR INFORMATION CONTACT: LESLIE A. NOTOR		PHONE: 609-292-5040

The Office of Management and Budget has negotiated with the United States Department of Health and Human Services a composite fringe benefit rate of 41.4 percent of base salaries for the year ending June 30, 2019. The rate is applicable to personnel who are members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Teachers' Alternate Benefit Plan (TABP), Defined Contribution Retirement Program (DCRP), and all employees who are not members of a pension plan, but are covered for health benefits. A fringe benefit rate of 66.4 percent has been negotiated for the Police and Firemen. These negotiated rates are to be used for all Non-State funded sources.

The State Police fringe benefit rate is 56.7 percent for Non-State funded programs. The PERS fringe benefit rate of 41.4 percent should be used for all State Police federally funded programs.

Actual charges to Federal, Dedicated, and Non-State funded programs will be reflected on the base salaries. **NOTE:** Salaries exclude overtime pay and part-time employees that are not members of a pension plan or not covered for health benefits.

Effective July 1, 2018, the rates shall be used by all State agencies including the State's senior public colleges and universities for estimating and computing actual charges for fringe benefit costs related to Federal, Dedicated, and Non-State programs. Rates previously established are obsolete.

<u>Object Account</u>	<u>Description</u>	<u>PERS etc.</u>	<u>Police and Firemen</u>	<u>State Police</u>
19	Pension Costs	15.6	43.2	41.1
19	Health Benefits (Including Prescription Drug and Dental Programs)	24.4	20.5	14.9
19	Workers' Compensation	1.0	2.4	0.7
19	Unemployment Insurance	0.1	0.0	0.0
19	Temporary Disability			
19	Insurance	0.2	0.2	0.0
19	Unused Sick Leave	0.1	0.1	0.0
TOTAL		41.4	66.4	56.7

In addition to these fringe benefit rates, the employer's share of FICA/Medicare taxes will be charged to Federal, Dedicated, and Non-State funded programs at the rate imposed by the Federal Government applied to the specified taxable wage base. The rate for the Calendar Year 2018 was 6.20 percent of the first \$128,400 of the gross wages for the Social Security portion, and 1.45 percent of gross wages (no ceiling) for the Medicare portion. The rate for Calendar Year 2019 is 6.20 percent of the first \$132,900 of the gross wages for the Social Security portion, and 1.45 percent of gross wages (no ceiling) for the Medicare portion.

<u>Object Account</u>	<u>Description</u>	<u>PERS etc.</u>	<u>Police and Firemen</u>	<u>State Police</u>
19	FICA	6.20	6.20	--
19	Medicare	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>
	TOTAL	<u>7.65</u>	<u>7.65</u>	<u>1.45</u>


David Ridolfino
Acting Director

OASDI and SSI Program Rates & Limits

2019

Old-Age, Survivors, and Disability Insurance (OASDI)

Tax Rates (percent)	
Social Security (Old-Age, Survivors, and Disability Insurance)	
Employers and Employees, each ^a	6.20
Medicare (Hospital Insurance)	
Employers and Employees, each ^{a,b}	1.45
Maximum Taxable Earnings (dollars)	
Social Security	132,900
Medicare (Hospital Insurance)	No limit
Earnings Required for Work Credits (dollars)	
One Work Credit (One Quarter of Coverage)	1,360
Maximum of Four Credits a Year	5,440
Earnings Test Annual Exempt Amount (dollars)	
Under Full Retirement Age for Entire Year	17,640
For Months Before Reaching Full Retirement Age in Given Year	46,920
Beginning with Month Reaching Full Retirement Age	No limit
Maximum Monthly Social Security Benefit for	
Workers Retiring at Full Retirement Age (dollars)	2,861
Full Retirement Age	66
Cost-of-Living Adjustment (percent)	2.8

a. Self-employed persons pay a total of 15.3 percent—12.4 percent for OASDI and 2.9 percent for Medicare.

b. This rate does not reflect the additional 0.9 percent in Medicare taxes certain high-income taxpayers are required to pay. See IRS information on this topic.

Supplemental Security Income (SSI)

Monthly Federal Payment Standard (dollars)	
Individual	771
Couple	1,157
Cost-of-Living Adjustment (percent)	2.8
Resource Limits (dollars)	
Individual	2,000
Couple	3,000
Monthly Income Exclusions (dollars)	
Earned Income ^a	65
Unearned Income	20
Substantial Gainful Activity (SGA) Level for the Nonblind Disabled (dollars)	1,220

a. The earned income exclusion consists of the first \$65 of monthly earnings, plus one-half of remaining earnings.



Office of Retirement and Disability Policy

www.ssa.gov/policy

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