



State of New Jersey

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Governor

Office of Information Technology
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CHRISTOPHER J. REIN
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September 28, 2020

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) 2021 Federal Budget Cost Allocation Plan (CAP) based on budgeted costs and statistics. Enclosed are the following documents for your perusal and approval:

1. FY 2021 Cost Allocation Plan Narrative that outlines all OIT costs and how these costs are allocated to OIT Service Offerings.
2. The FY 2021 Federal Budget 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 the Fiscal Year.
3. FY 2021 Federal Budget Financial Schedules in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

The FY 2021 Federal Budget CAP is used to prepare rates for information technology services provided by OIT for FY 2021 beginning July 1, 2020.

At the end of FY 2021 NJ OIT will prepare a final FY 2021 Federal Year End CAP based on actual costs and statistics for the purposes of reconciling costs and rates based on the FY 2021 Federal Budget CAP for federal claiming purposes.

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

Thank You.

Sincerely,

Fred Landsky
Chief Financial Officer

cc.

Chris Rein, Chief Technology Officer

CERTIFICATE OF COST ALLOCATION PLAN

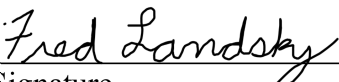
This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

1. All costs included in this proposal dated 9/28/20 to establish cost allocations or billings for the fiscal year ending June 30, 2021 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

9/28/20

Date of Execution

OFFICE OF INFORMATION TECHNOLOGY
COST ALLOCATION PLAN NARRATIVE
FY21 Federal Budget CAP

Effective July 1, 2020



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PART I
CERTIFICATION

CERTIFICATE OF COST ALLOCATION PLAN

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I declare that the foregoing is true and correct.

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 587 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. 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

Estimated salary and wage costs included in the current Budget Cost Allocation Plan and Federal Budget Cost Allocation were developed based on prior year salary and wage costs adjusted for known and anticipated increases and decreases for the upcoming fiscal year.

Fringe Benefits

The OIT CAP 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 Federal Budget and Year-End CAPs 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 current year Federal Budget CAP are based on the negotiated 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 \$137,700 and 1.45% on total wages for employer's Medicare contribution. The Federal Year-End CAP will include fringe costs based on the negotiated fringe rate for the applicable fiscal year.

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 current year Federal Budget and State Cost Allocation Plans includes estimated 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 full time equivalent staff across OIT.
- 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 staffs.
- 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).
- 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 current Budget 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 FY21, OIT used six 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 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.

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 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.

Managed Hosting

Hourly service with OIT server employees that originated from Executive Order 225 (IT consolidation). Includes server hosting project and maintenance hourly support work for applicable agencies.

Agency LAN

Hourly service with OIT telecom employees that originated from Executive Order 225 (IT consolidation). Includes network project and maintenance work for applicable agencies

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 Enterprise Security Operations 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 390 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 as a direct charge.

IBM Mainframe storage is billed in two categories:

- IBM mainframe disk storage
- IBM virtual tape storage

Cloud Services

OIT has contracted with two external cloud service providers to host cloud services for State clients. For FY21 those vendors are: Microsoft (Azure), and Amazon (AWS – Amazon Web Services).

These cloud vendors provide a broad variety of service including but not limited to: virtual server hosting, database services, middleware services, app hosting, ePayment, network services, firewall/security/gateway services, statistical/reporting services, etc. Thousands of individual services are offered, each with their own prices.

These vendors have been further broken in the OIT model as:

- Azure SH – (client self hosted)
- Azure MH – (OIT managed hosted)
- AWS SH – (client self hosted)
- AWS MH – (OIT managed hosted)

OIT overhead costs for managing the Cloud Services environment (FTE salaries, software/hardware/training/etc.) are recovered from the client billing base, based on the ratio of client usage of Cloud Services in that given month across all billable clients for that month.

For FY21, the estimated ratio of OIT Cloud overhead cost recovery across the four services is 25% for Client Self-Hosted (SH), and 75% for OIT Managed-Hosted (MH).

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, 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 primary, backup and archive rates are calculated per Gigabyte (GB) per month based on the amount of storage directly attributed to each organization.

The eDiscovery rate is based on the number of server nodes supporting search/discovery operations for that given client.

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

Estimated usage statistics were applied in the development of the State and Federal Budget 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.	Full Time Equivalent (FTE) across all OIT Staff

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
130	Data Governance Management	Provides oversight of data governance requirements.	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: • Contract Negotiation and Administration	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		• 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.	Salary costs allocated directly to services CoLo, IaaS, PaaS, IBM mainframe based on estimated level of FTE effort to those services. NonSalary 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
332	Facilities - HUB	This cost pool represents costs of the HUB facility operated by OIT.	All FTE staff contributing to delivery of a service with costs for data center

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
			improvements allocated to Colo
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 Bands 1,2,3,4 and myNJ based on billable hours, 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, the remainder to all FTE staff contributing to delivery of a service
225	Agency LAN	Costs for supporting Agency LAN networks, (generally technical personnel salaries).	Allocated direct to Agency LAN with a small percentage allocated to other services based on estimated level of effort

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
226	Managed Hosting	Costs for supporting managed computer hosting environments for Agencies, (generally technical personnel salaries).	Direct to Managed Hosting or IAAS, based on the estimated level of effort of those FTE's.
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.	Direct to Telecomm, Voice, Hosted Call Center, IaaS, or PaaS, or overhead based on estimated level of effort of the FTE to the service.
302	Business Development	Costs associated with business development staff.	All FTE staff contributing to delivery of a service
320	Enterprise Security Operations	Enterprise Security Operations 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.	Allocated to Security operations or overhead, based on the estimated level of effort of those FTE's.
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	All FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		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.	
370	Enterprise Asset and Configuration Management	Enterprise Asset and Configuration Management 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
402	Print Services Management Team	The ISS – Print Operations Manager oversees the Print Operations Unit Staff.	Allocated Direct to Print
409	Mainframe virtual tape	A cost center to aggregate costs associated with the ‘Virtual Tape Library’ software and hardware. There are no personnel in this cost center.	Direct to Mainframe Virtual Tape
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.	Direct to Storage Archive, Storage Backup, and Storage Primary based on the number of staff hours in support of those services.

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
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).	Direct to Storage Archive, Storage Backup, and Storage Primary based on the number of staff hours in support of those services
415	Storage - Backup	Data Back Up Storage cost pool pertains to costs associated with backing up storage data.	Direct to Storage Backup
416	Operations Services	Operations Services staff who provide billable hourly services of a technical nature to clients.	Allocated to IaaS, Agency LAN, or overhead based on the level of effort of those FTE's.
419	Storage - eDiscovery	eDiscovery Storage cost pool pertains to costs associated with eDiscovery storage.	Direct to Storage eDiscovery
420	Mainframe Service Desk	The Mainframe Service Desk is responsible for the monitoring mainframe server consoles.	All FTE staff contributing to delivery of a service with the remainder to Operations Services <or> IBM Services based on the billable hours spent on those two services
470	Server Hosting (depreciation only as of FY19)	The Server Hosting Platform group manages all aspects of installation, configuration, and daily management of all non-mainframe oriented. This unit is decommissioned in favor of IaaS, PaaS, and CoLo, only present for small residual depreciation costs.	All FTE staff contributing to delivery of a service
471	Co-Location Svcs (CoLo)	Costs associated with co-location Services (datacenter hosting of client supplied servers).	Allocated Direct to CoLo
472	Infrastructure as a Svc (IaaS)	Costs associated with infrastructure as a service.	Allocated to IaaS, PaaS, Security Ops, Network, Professional Svcs, and overhead based on FTE of staff contributing to delivery of a service
473	Platform as a Service (PaaS)	Costs associated with platform as a service.	Allocated to IaaS, PaaS, or Overhead based on staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
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.	Salary costs Direct to IBM Mainframe 3 , Mainframe disk, Mainframe virtual tape, Professional Svcs, or overhead based on the estimated level of effort of FTE's. NonSalary costs direct to IBM Mainframe 3.
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
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
502	Solutions Mgmt	Costs associated with solutions management.	All FTE staff contributing to delivery of a service
503	Information Technology Services Management (ITSM)	ITSM is responsible for information technology management.	All FTE staff contributing to delivery of a service
510	Data Center Services Environment	The Data Center Services Environment 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.	Allocated to IaaS, PaaS, CoLo, and IBM Mainframe based on the number of staff hours worked supporting each area with overhead allocated FTE staff contributing to delivery of a service

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
511	Telecommunications – Voice <u>Legacy</u> Services (Centrex)	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.	Direct to Telecom, Direct to Voice, and Direct to Hosted Call Center based on number of hours in support of those services
512	Telecomm – Call Center Hosting	This unit aggregates costs associated with hosting call centers for OIT clients.	Direct to Telecom, and Direct to Hosted Call Center based on number of hours in support of those services
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.	Direct to Telecomm , Voice, and Hosted Call Ctr based on the number of staff hours in support of those services
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

Code	Cost Pool Name	Cost Pool Description	Allocation Method
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).	Direct to Telecomm , Voice, and Hosted Call Ctr based on the number of staff hours in support of those services
520	Enterprise Service Desk	The Enterprise Service Desk 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
540	LAN and Desktop Support	The LAN and Desktop Support Unit provides desktop support internally to OIT staff.	All FTE staff contributing to delivery of a service
580	Service Level Management	Costs associated with the overall management of the server environment (capacity planning, monitoring, global management). John Bachmann	Allocated to Overhead ,IaaS, PaaS, and network based on the number of staff hours worked in support of each of those services
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.	Allocated to Network Circuits, Agency LAN, Hosted Call Ctr, WaaS, Voice, or Security Ops, or overhead based on the number of staff hours worked in support of those services
591	NCC and Desktop (combined)– Mgmt Team	The NCC and Desktop manager of both units.	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	Direct to Cloud Services.
594	Cloud Services	Costs associates with managing cloud services for Agencies; both salary and hardware/software costs.	Direct to the 4 Cloud Svcs based on level of effort for FTE, and 25 SH(Self hosted)/75 MH (Managed

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
			hosted) ratio for non-salary costs.
601	Professional Services Management	Manager of the Application Development staff.	Allocated to the 5 Enterprise Apps, and overhead, based on estimated level of effort of the FTE's.
630	Public Safety Unit	Public Safety Unit is comprised of information technology professionals who design, develop and maintain information systems for Public Safety Applications.	All FTE staff contributing to delivery of a service
650	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 based on FTE supporting a service and 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	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 based on FTE supporting a service and 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 Professional Svcs or overhead based on the estimated level of effort of FTE's.
675	myBenefit	Professional Services in support of the State-wide Pension system.	Direct to myBenefits

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
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. One staff member is allocated to myNJ.
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
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.	Allocated across all FTE staff contributing to delivery of a service and professional service rates based on estimated level of effort
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.	Allocated to Overhead FTE across all staff supporting a service or direct to myNJ portal allocated based on the number of staff hours in support of those services
802	Data Modeling	Data Modeling 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.	Allocated to Enterprise Data Service, , Oracle, or Overhead based on the number of staff hours in support of those services. Overhead is allocated based on FTE supporting all services.
803	ENT SERV – Database Administration	EDS – Database Administration manages all aspects of installation, configuration, design, maintaining databases of all technologies,	Allocated to overhead, or professional services, or Oracle based on the number of staff hours in support of

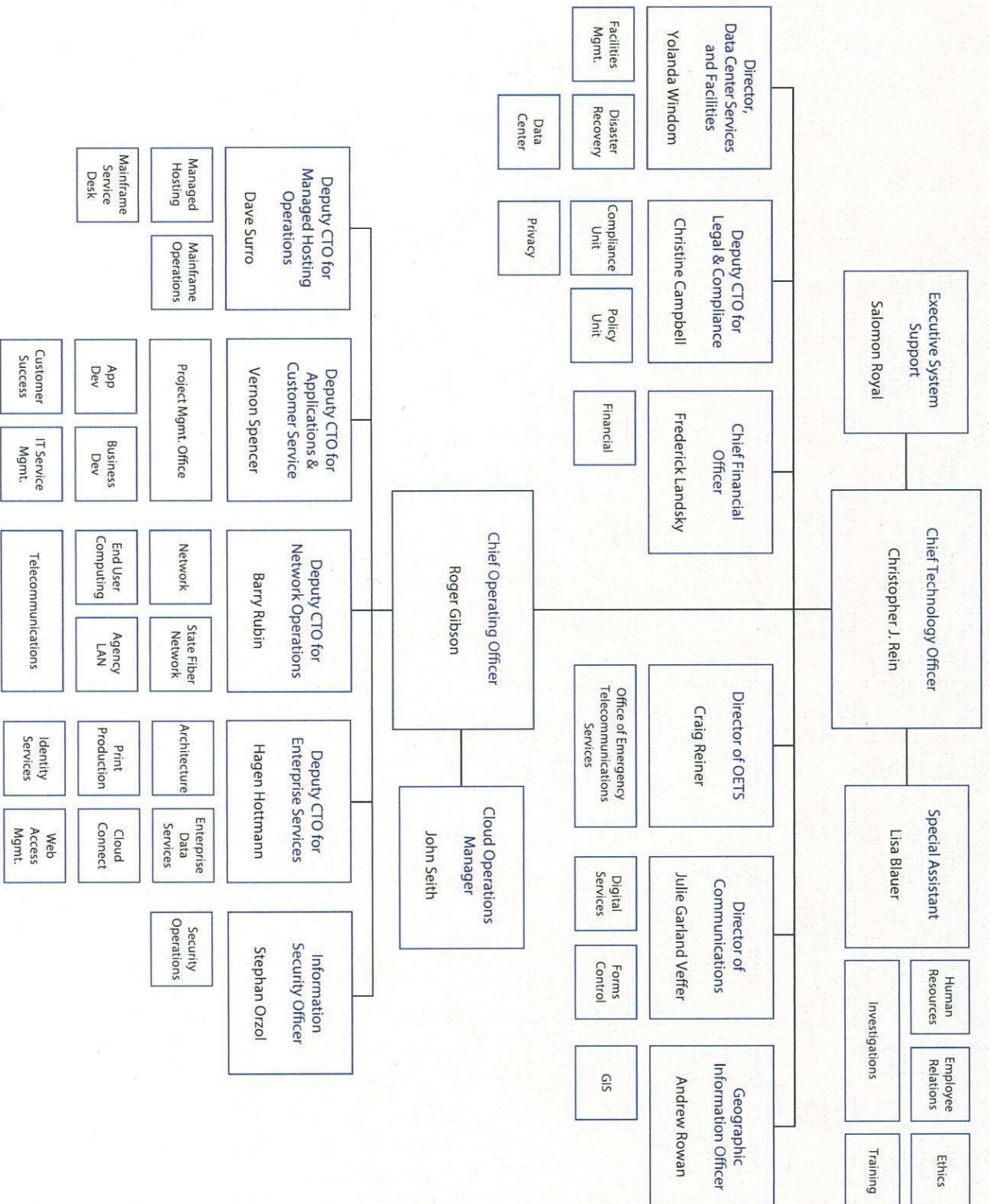
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Code	Cost Pool Name	Cost Pool Description	Allocation Method
		including DB2, Adabas, Datacom, IMS and DM4.	those services. Overhead is allocated based on FTE supporting all services.
804	ENT SERV – Program Mgmt. (Data Warehouse Unit)	The EDS Data Warehouse 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 specific data warehouses and data marts.	Allocated to overhead, Ent Data Services, Oracle, SQL Server, or Enterprise Apps based on the number of staff hours in support of those services. Overhead is allocated based on FTE supporting all services.
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 and Direct to MyNJ as applicable
811	ENT SERV – SQL DB	Costs associated with SQL server.	Direct to SQL Server or overhead based on estimated level of effort by FTE to those services. Overhead is allocated based on FTE supporting all services.
812	ENT SERV – Oracle DB	Costs associated with Oracle database.	Direct to Oracle, professional services, or PaaS based on estimated level of effort of FTE's to those services.
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 Cloud Connect.

PLAN DEPARTMENT 4: OTHER OIT COSTS

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Code	Cost Pool Name	Cost Pool Description	Allocation Method
950	MOU State Police	Costs in support of State Police for services rendered.	All FTE staff contributing to delivery of a service
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
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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