

# ORIGINAL

**COST ALLOCATION AGREEMENT  
STATE AND LOCAL GOVERNMENTS**

**STATE/LOCALITY:**  
Commonwealth of Massachusetts  
Boston, Massachusetts 02133

**DATE:** April 2, 2010

**FILING REF.:** The preceding  
Agreement was dated 12/16/08

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**SECTION I: ALLOCATED COSTS**

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The central service costs listed in Exhibit A, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended 6/30/10 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

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**SECTION II: BILLED COSTS**

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In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. Fringe Benefits (See Addendum)
2. Space Usage (See Addendum)
3. Data Center: Computer Services  
Telecommunications
4. Support Services: Motor Vehicles  
Central Reproduction
5. Postage
6. Audit Costs: State Auditor  
Single Audits
7. Employee Health and Welfare (See Addendum)
8. Medicare Tax (See Addendum)
9. Universal Health Insurance (See Addendum)
10. Extended Leave of Absence Chargeback
11. Worker's Compensation: Payments  
Litigation Unit
12. Unemployment Insurance (See Addendum)
13. Liability Management and Reduction Fund
14. Obsolete Records
15. Bulk Fuel
16. New MMARS - OSC
17. American Recovery and Reinvestment Act (ARRA) of 2009  
Administrative Cost Chargeback

### Section III: CONDITIONS

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under OMB Circular A-87. (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. BILLED COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by OMB Circular A-87, will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in OMB Circular A-87, and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

F. SPECIAL REMARKS:

SEE ADDENDUM

BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON  
BEHALF OF THE FEDERAL GOVERNMENT:

Commonwealth of Massachusetts  
State/Locality

DEPARTMENT OF HEALTH&HUMAN SERVICES  
(AGENCY)

\_\_\_\_\_  
(Signature)



\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

Robert I. Aaronson

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

Director, Div. of Cost Allocation

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

April 2, 2010

\_\_\_\_\_  
(Date)

HHS Representative: A. Sugrim-Singh

Telephone: 212-264-2069

F. SPECIAL REMARKS:

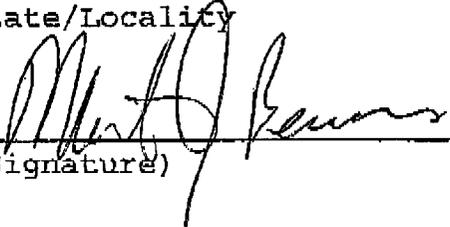
SEE ADDENDUM

BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON  
BEHALF OF THE FEDERAL GOVERNMENT:

Commonwealth of Massachusetts  
State/Locality

DEPARTMENT OF HEALTH&HUMAN SERVICES  
(AGENCY)

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Signature)

Martin J. Benison  
\_\_\_\_\_  
(Name)

Robert I. Aaronson  
\_\_\_\_\_  
(Name)

Comptroller  
\_\_\_\_\_  
(Title)

Director, Div. of Cost Allocation  
\_\_\_\_\_  
(Title)

April 9, 2010  
\_\_\_\_\_  
(Date)

April 2, 2010  
\_\_\_\_\_  
(Date)

HHS Representative: A. Sugrim-Singh

Telephone: 212-264-2069

ADDENDUM TO RATE AGREEMENT

April 2, 2010  
Agreement Reference Date

**INSTITUTION:** Commonwealth of Massachusetts

**ADDRESS:** Boston, MA 02133

FRINGE BENEFIT RATE

<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE</u>	<u>LOCATIONS</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
FIXED	7/1/09	6/30/10	26.42%	All	Regular Employees
FIXED	7/1/09	6/30/10	35.74%	All	Uniformed Employees
FIXED	7/1/09	6/30/10	1.38%	All	See Note 3

\*Base: Salaries and Wages (see comments below)

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

Fringe benefit rates are approved on a fixed basis for the noted fiscal year and should be used by grantee agencies for the following purposes:

- (a) For budgeting purposes on grant award applications.
- (b) For billing purposes.
- (c) For inclusion in their indirect cost rate proposal and must be treated as either direct or indirect cost consistent with treatment accorded similar cost charged to the Federal programs.

NOTE 1:

Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these absences are not made.

NOTE 2:

The following fringe benefits are included in the fringe benefit rates:

- Retirement/Pension
- Health Benefits
- Terminal Leave

ADDENDUM TO RATE AGREEMENTApril 2, 2010

Agreement Reference Date

INSTITUTION: Commonwealth of Massachusetts

ADDRESS: Boston, MA 02133

NOTE 3:

An additional rate (referred to as Payroll Tax Rate by the Commonwealth) of 1.38% is approved on a fixed basis for all regular, uniformed and contractual employees.

This rate includes:

- Unemployment Insurance
- Universal Health Insurance
- Medicare Tax

NOTE 4:

Health and Welfare Fund: In accordance with union contracts the Commonwealth makes the following weekly contributions to this fund for the use of employees in obtaining dental and optical services:

<u>Bargaining Unit</u>	<u>Per Week/Per Employee</u>	
	<u>07/01/08-06/30/09</u>	<u>07/01/09-06/30/10</u>
NAGE Unit 1,3,6	\$14.00	\$14.00
SEIU 8 & 10	13.00	13.00
COPS old Units 51/52	12.00	12.00
Alliance Unit 2,	\$13.00	\$13.00
SPAM Unit 5A,	12.00	12.00
MNA Unit 7,	12.00	12.00
MOSES Unit 9	13.00	13.00
MCOFU Unit 4	\$12.00	\$12.00
New DOC Captains	\$14.00	\$14.00

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NOTE 5:

The following rates are approved by this agreement for use in identifying the cost of space occupancy in certain State owned buildings:

<u>Building</u>	<u>07/01/08 - 06/30/09</u> <u>Cost Per Sq.Ft.</u>
McCormack	\$23.00
Hurley	\$14.33
Lindemann	\$18.33
State House	\$33.71