

**COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS**

STATE/LOCALITY:

State of Connecticut
Office of the State Comptroller
55 Elm Street
Hartford, CT 06106

DATE: May 17, 2005

FILING REF.: The preceding
Agreement was dated 05/12/04

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A, attached, are approved on a FIXED basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended 06/30/05 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

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

1. Fringe Benefits (See Remarks)
2. Workers' Compensation
3. Telephone
4. DAS/ISF - Central Printing and Electronic Publishing
5. DAS/ISF - Fleet Operations
6. DAS/ISF - Data Processing
7. Correctional Industries Revolving Fund
8. Bank Charges

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:

FRINGE BENEFIT RATE

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE**</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
Fixed	07/01/04	06/30/05	*	All	All Programs

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

<u>Rate Component</u>	<u>FYE 6/30/05</u>
SERS Regular Employees	31.53%
SERS Hazardous Duty Employees	30.52%
Alternate Retirement Plan (ARP)	9.81%
Teachers Retirement	13.28%
Unemployment Compensation	.40%

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

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

NOTE 1

Fringe Benefit Rate: A composite fringe benefit rate is determined for each salary and wage character/object code in the Statewide Accounting System using a combination of the applicable Retirement System and Unemployment Compensation rate components shown above. These composite fringe benefit rates are maintained on file by, and are available from, the State of Connecticut, Office of the State Comptroller.

NOTE 2

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

BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON
BEHALF OF THE FEDERAL GOVERNMENT:

State of Connecticut
State/Locality

DEPARTMENT OF HEALTH & HUMAN SERVICES
(AGENCY)

(Signature)

(Signature)

(Name)

Robert I. Aaronson

(Name)

(Title)

Director/Div.of Cost Allocation

(Title)

(Date)

May 17, 2005

(Date)

HHS Representative: Wing Mak

Telephone: 212-264-0991