DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

26 Federal Plaza, Room 41-122
New York, New York 10278
Phone: (212) 264-2069
Fax: (212) 264-5478
Email: dcany@psc.gov

January 24, 2013

Mr. Douglas A. Racine, Secretary
State of Vermont
Agency of Human Services
208 Hurricane Lane, Suite 103
Williston, VT 05495

Dear Mr. Racine:

This is to advise you of the approval for the State of Vermont Department of Mental Health to claim the Vermont State Hospital Retirement Incentive Program to Federal Programs, which was submitted to our office under letter dated September 14, 2012. The Retirement Incentive Program encouraged Vermont State Hospital employees to retire by May 1, 2012. The request was submitted in compliance with 2 CFR Part 225, Appendix B, Paragraph 8.g.(3) – (OMB Circular A-87) and ASMB C-10 Implementation Guide for OMB Circular A-87.

Based on our review of your request and communications with your staff, approval is granted to charge the retirement incentive payments at the department level as described in your submission. These costs will be charged to the department's topmost administrative cost pool to be allocated to all programs within the department, both State and Federal.

The billings for the costs covered by this approval are subject to the following conditions:

A. Limitations: (1) Charges resulting from this approval 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 represents costs incurred by the State which are legal obligations of the State and are allowable under 2 CFR Part 225 (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 which was used to establish this approval is not later found to be materially incomplete or inaccurate.

B. Accounting Changes: This approval is based on the accounting system purported by the State to be in effect during the approval period. Changes to the methods of accounting for costs which affect the amount of reimbursement resulting from the use of this approval require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of cost

from an allocated cost to a billed cost. Failure to obtain approval may result in cost disallowances

C. Use by Other Federal Agencies: This approval was executed in accordance with the authority in 2 CFR Part 225 (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 may provide copies of the Agreement to other Federal agencies to give them early notification of this Agreement.

In addition, please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and FAX (212-264-5478) it back to this office. If you have any questions, please contact my office at 212-264-2069.

Sincerely,

Darryl W. Mayes
Director, Division of Cost Allocation

Concurrence:

_____
Name

_____
Title

_____
Date