

**State of New York
Shared Services Project**

***Office of General Services-
Business Services Center
Billing Methodology and Memo Bill Calculation
Based on Actual FY 2014-15 Costs***

FINAL



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Table of Contents

Item	Item Description
Narrative	Billing Methodology
Schedule A	Billing Rates
Schedule B	Transactions Summary
Schedule C	Expenditures Summary
Schedule D	Billing Calculation Summary

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Governor Cuomo created the Spending and Government Efficiency (SAGE) Commission to begin the process of reforming and streamlining state government. In addition to focusing on programmatic collaborations and opportunities for coordination, the Governor tasked the Division of the Budget (DOB) with improving the operations of New York State's back office business operations.

In response to the governor's direction, the State is moving aggressively to make operational changes that will reduce costs, increase efficiency and transform State business practices. The implementation of the governor's SAGE initiative will bring about changes in cost allocation methodologies and the subsequent claiming of these costs to federal contracts and grants. New York officials notified the U.S. Department of Health & Human Services, Division of Cost Allocation Services of the consolidations by letter dated December 10, 2012.

The Business Services Center (BSC) is intended to streamline transactional human resource (HR) and accounting services that are common across agencies, increasing the efficiency and effectiveness of the government's operations. The BSC is becoming New York's central office for processing HR and accounting transactions. Ultimately the BSC will process HR and accounting transactions on behalf of all New York State agencies.

In September 2012 the state implemented the BSC as part of a comprehensive long term effort. The initial deployment included functionality to support all HR and accounting transactions. Agencies are being assimilated in waves. The implementation of HR services for some agencies will not occur until after the full implementation of a new HR/Payroll system.

The BSC is a billed service in Section II of the Statewide Cost Allocation Plan. The cost of the operation of BSC was billed to agencies starting in FY 2013-14. The BSC will use a standard cost recovery model where 100% of allowable costs are assigned to a defined service. Rates based on accounting transactions and paychecks have been developed to recover the full cost for the service. Customers will be invoiced for the amount of services used during each billing period. Each customer remits payment or is memo billed for services invoiced, and is able to classify their expenditures to meet their program accounting needs.

A year-end reconciliation will be developed to document the level of over/under recovery. The State has several options to adjust for annual variances, these could include:

- issuance of additional billings or credits in the current or subsequent year; and/or
- adjustments to future rates

Professional consulting fees for assisting with planning and implementation of the BSC were one-time costs incurred to start up its operations. The total consulting fees paid in FY 2013-14 were amortized over a 3 year period. An additional \$2,495,183 in consulting fees, which was the tail end of the contract from the previous year, was paid in FY 2014-15 and was amortized over a 2 year period. The services were not broken down by specific area and the amortized portions were assigned to General Administration. General Administration costs have been reallocated to the Accounting and Human Resources activities based on the total expenditures with adjustments of each activity (see Schedule C).

Accounting costs will be billed to each business unit (agency) based on total transactions which include purchase orders, AP vouchers, expense reports, and accounts receivable deposits. Procurement card transactions have been excluded because they represent credit card swipes and had no relationship to work being performed under the AP voucher by the BSC. Human Resources costs will be billed to each agency based on paychecks. If the agency joined the BSC partially through the fiscal year, the date the agency joined was taken into consideration when calculating the number of transactions and paychecks. Accounting transactions and paychecks are the best available methods to allocate the cost to the benefiting agencies. As more user data becomes available BSC will reassess the allocation methodology to assure that each agency is charged based on the relative benefits received.

BSC should memo bill all benefiting agencies annually. At least annually, BSC should reconcile expenditures, transaction counts and the billing rates to set the new rates for the subsequent year. The actual FY 2014-15 memo bill calculation applicable to benefiting agencies is contained in the following schedules.

State of New York			Schedule A
Shared Services Project			
Office of General Services-Business Services Center			
Billing Methodology and Memo Bill Calculation			
Based on Actual FY 2014-15 Costs			
Rate Type	Total Transactions	Total Costs	Billing Rates
Accounting Rate	502,994	\$26,299,538	\$52.29
Human Resources Rate	215,625	\$3,041,624	\$14.11
		<u>\$29,341,162</u>	

State of New York

Schedule B

Shared Services Project

Office of General Services-Business Services Center

Billing Methodology and Memo Bill Calculation

Based on Actual FY 2014-15 Costs

Business Unit	Description	Purchase Orders	AP Vouchers Online	Expense Reports	AR Deposits	Total Accounting Transactions	Human Resources (Paychecks)
ABC01	Alcohol Beverage Control	28	775	363	-	1,166	3,766
AGM01	Agriculture & Markets	956	6,283	3,747	-	10,986	-
APA01	Adirondack Park Agency	14	169	133	-	316	-
ART01	Council on the Arts	3,403	4,061	85	-	7,549	658
BOE01	Board of Elections	81	661	80	-	822	-
CFS01	Children & Family Services	1,763	8,500	7,334	-	17,597	-
CJN01	Judicial Nominations Cmsn	1	18	-	-	19	-
CJS01	Judicial Screening Cmte	-	30	4	-	34	-
COC01	Commision of Correction	-	-	-	-	-	215
COR01	Correctional Industries	1,267	6,177	657	-	8,101	-
CPI01	Joint Commission on Public Ethics	25	222	129	-	376	1,080
CQC01	Comm Qual Care & Advc Persn with Disabl	8	4	-	-	12	-
DCJ01	Division of Criminal Justice Services	-	-	-	-	-	3,538
DCS01	Department of Civil Service	78	3,345	380	-	3,803	-
DDP01	Developmental Disability Planning Council	41	61	36	-	138	-
DED01	Department of Economic Development	271	1,738	1,247	-	3,256	739
DHR01	Division of Human Rights	63	1,081	213	-	1,357	-
DHS01	Division of Homeland Security	461	6,627	8,289	3	15,380	17,434
DMN01	Division of Military & Naval Affairs	136	8,220	535	-	8,891	-
DMV01	Department of Motor Vehicles	648	5,088	2,725	-	8,461	-
DOB01	Division of the Budget	55	296	77	-	428	-
DOC01	Department of Correctional Services	15,656	58,521	16,966	-	91,143	-
DOH01	Department of Health	6,560	67,523	15,145	-	89,228	-
DOL01	Department of Labor	-	-	7,155	-	7,155	-
DOS01	Department of State	663	11,872	3,512	-	16,047	-
DPS01	Department of Public Service	138	1,132	1,882	-	3,152	-
DSP01	Division of State Police	-	-	3,723	-	3,723	-
DTA01	Division of Tax Appeals	24	133	70	-	227	-
DVA01	Division of Veterans' Affairs	49	680	539	-	1,268	2,234
EXC01	Executive Chamber	30	313	1,455	-	1,798	-
FCB01	Financial Control Board NYC	10	105	1	-	116	-
GAM01	Gaming Commission	229	4,016	1,334	-	5,579	-
GHC01	Greenway Hrtg Cnsrv Hudson Valley	4	4	-	-	8	-

State of New York

Schedule B

Shared Services Project

Office of General Services-Business Services Center

Billing Methodology and Memo Bill Calculation

Based on Actual FY 2014-15 Costs

Business Unit	Description	Purchase	AP Vouchers	Expense	AR Deposits	Total Accounting	Human Resources (Paychecks)
		Orders	Online	Reports		Transactions	
HCR01	Housing & Community Renewal	184	2,838	3,454	-	6,476	-
HES01	Higher Education Services Corp	279	1,621	148	-	2,048	-
HRV01	Hudson Valley Greenway Comm Cncl	37	80	9	-	126	26
IOL01	Interest on Lawyer Account	81	382	55	-	518	-
JUS01	Justice Center	126	1,134	2,627	-	3,887	7,939
LGP01	Lake George Park Commission	35	338	9	-	382	374
LTG01	Lieutenant Governor	1	19	103	-	123	-
MIG01	Office of Medicaid Inspector General	100	834	1,526	-	2,460	-
NCS01	National and Community Service	13	17	68	-	98	-
OAS01	Office of Alcoholism and Substance Abuse	633	5,261	1,639	-	7,533	-
OER01	Governor's Office of Employee Relations	91	3,720	581	-	4,392	1,220
OFA01	Office for the Aging	32	280	298	-	610	2,473
OFT01	Office for Technology (ITS)	884	8,090	2,292	87	11,353	95,175
OGS01	Office of General Services	1,020	10,213	4,016	238	15,487	44,487
OIG01	Office of the State Inspector General	14	229	160	-	403	1,868
OLS01	Office of Indigent Legal Services	229	470	191	-	890	282
OMH01	Office of Mental Health	2,134	26,547	7,375	94	36,150	-
OPD01	Office for People With Devel Disabilities	2,767	36,688	21,288	-	60,743	-
OVS01	Office of Victim Services	682	1,770	178	-	2,630	514
PDV01	Office for the Prevention of Domestic Violence	-	-	-	-	-	186
PER01	Public Employee Relations Board	29	405	86	-	520	744
PRK01	Parks, Recreation & Historic Presrvtn	-	-	2,538	-	2,538	-
SFS01	Statewide Financial System	16	122	4	-	142	-
TAX01	Taxation and Finance	448	3,999	18,241	-	22,688	-
TDA01	Office of Temporary and Disability Assistance	661	2,819	3,830	-	7,310	-
WCB01	Workers' Compensation Board	323	2,809	2,094	-	5,226	30,487
WIG01	Office of the Welfare Inspector General	4	81	40	-	125	186
Total		43,485	308,421	150,666	422	502,994	215,625

Note: All bulkload transaction counts were excluded since the BSC does not process these transactions for any customer agency.

State of New York						Schedule C
Shared Services Project						
Office of General Services-Business Services Center						
Billing Methodology and Memo Bill Calculation						
Based on Actual FY 2014-15 Costs						
Department Name	Dept Code	Expenditure Type	General			Total
			Administration	Accounting	Human Resources	
OGS BSC - General	1140321	Personal Services	\$1,653,769			
		Non-Personal Services	\$3,701,908			
OGS BSC - General (ISF) [Excludes indirect costs]	1140321	Personal Services	\$2,323,692			
		Non-Personal Services	\$52,290			
OGS BSC - Finance	1140322	Personal Services		\$6,744,132		
		Non-Personal Services		\$1,352,095		
OGS BSC - Human Resources	1140323	Personal Services			\$850,201	
		Non-Personal Services			\$48,599	
OGS BSC - Customer Management	1140327	Personal Services	\$633,836			
		Non-Personal Services	\$313,158			
OGS BSC - Transition	1140328	Personal Services	\$492,367			
		Non-Personal Services	\$5,122			
OGS BSC - Technical Services	1140332	Personal Services	\$293,819			
		Non-Personal Services	\$6			
OGS RPM Contr Managed Property (50 Wolf Rd Operating)	1140203	Non-Personal Services	\$538,199			
OGS REPD Space Planning (800 N Pearl Lease)	1140231	Non-Personal Services	\$605,418			
OGS Financial Admin (Minor Equipment Purchases)	1140275	Non-Personal Services	\$33,462			
OGS Finance Agency Support (540 Broadway Lease)	1140276	Non-Personal Services	\$111,786			
Total Expenditures			\$10,758,832	\$8,096,227	\$898,800	\$19,753,859
<u>Adjustments:</u>						
(Less): Consulting Fees in Department Code 1140321			-\$2,495,182			-\$2,495,182
Add: Amortized Consulting Fees [Year 2 of 3] (1)			\$3,886,871			\$3,886,871
Add: Amortized Consulting Fees [Year 1 of 2] (1)			\$1,247,591			\$1,247,591
Add: Fringe Benefits (2)			\$2,886,574	\$3,606,762	\$454,687	\$6,948,023
Total Expenditures Including Adjustments			\$16,284,686	\$11,702,989	\$1,353,487	\$29,341,162
Reallocated General Administration (3)			-\$16,284,686	\$14,596,549	\$1,688,137	\$0
Total Costs			\$0	\$26,299,538	\$3,041,624	\$29,341,162

(1) Professional consulting fees for assisting with planning and implementation of the BSC are being amortized over 2 and 3-year periods:

Total fees FY 13-14	\$11,660,613	Total fees FY 14-15	\$2,495,182
Per year over 3-yrs	\$3,886,871	Per year over 2-yrs	\$1,247,591

(2) The FY 14-15 Fringe Benefit Rate of 53.48% was applied to the total personal services in each activity.

(3) General Administration expenditures are reallocated on a proportionate basis to each BSC activity based on the ratio of each activity's total expenditures including adjustments to the total expenditures including adjustments of the BSC exclusive of General Administration.

State of New York **Schedule D**
Shared Services Project
Office of General Services-Business Services Center
Billing Methodology and Memo Bill Calculation
Based on Actual FY 2014-15 Costs

Business Unit	Description	Total Accounting Transactions	Accounting Rate	Accounting Bill	Total Paychecks	Human Resources Rate	Human Resources Bill	Total Bill
ABC01	Alcohol Beverage Control	1,166	\$52.29	\$60,965	3,766	\$14.11	\$53,124	\$114,089
AGM01	Agriculture & Markets	10,986	\$52.29	\$574,414	-	\$14.11		\$574,414
APA01	Adirondack Park Agency	316	\$52.29	\$16,522	-	\$14.11		\$16,522
ART01	Council on the Arts	7,549	\$52.29	\$394,707	658	\$14.11	\$9,282	\$403,989
BOE01	Board of Elections	822	\$52.29	\$42,979	-	\$14.11		\$42,979
CFS01	Children & Family Services	17,597	\$52.29	\$920,077	-	\$14.11		\$920,077
CJN01	Judicial Nominations Cmsn	19	\$52.29	\$993	-	\$14.11		\$993
CJS01	Judicial Screening Cmte	34	\$52.29	\$1,778	-	\$14.11		\$1,778
COC01	Commision of Correction	-	\$52.29		215	\$14.11	\$3,033	\$3,033
COR01	Correctional Industries	8,101	\$52.29	\$423,569	-	\$14.11		\$423,569
CPI01	Joint Commission on Public Ethics	376	\$52.29	\$19,660	1,080	\$14.11	\$15,235	\$34,894
CQC01	Comm Qual Care & Advc Persn with Disabl	12	\$52.29	\$627	-	\$14.11		\$627
DCJ01	Division of Criminal Justice Services	-	\$52.29		3,538	\$14.11	\$49,907	\$49,907
DCS01	Department of Civil Service	3,803	\$52.29	\$198,844	-	\$14.11		\$198,844
DDP01	Developmental Disability Planning Council	138	\$52.29	\$7,215	-	\$14.11		\$7,215
DED01	Department of Economic Development	3,256	\$52.29	\$170,243	739	\$14.11	\$10,424	\$180,668
DHR01	Division of Human Rights	1,357	\$52.29	\$70,952	-	\$14.11		\$70,952
DHS01	Division of Homeland Security	15,380	\$52.29	\$804,158	17,434	\$14.11	\$245,925	\$1,050,084
DMN01	Division of Military & Naval Affairs	8,891	\$52.29	\$464,875	-	\$14.11		\$464,875
DMV01	Department of Motor Vehicles	8,461	\$52.29	\$442,392	-	\$14.11		\$442,392
DOB01	Division of the Budget	428	\$52.29	\$22,378	-	\$14.11		\$22,378
DOC01	Department of Correctional Services	91,143	\$52.29	\$4,765,502	-	\$14.11		\$4,765,502
DOH01	Department of Health	89,228	\$52.29	\$4,665,374	-	\$14.11		\$4,665,374
DOL01	Department of Labor	7,155	\$52.29	\$374,106	-	\$14.11		\$374,106
DOS01	Department of State	16,047	\$52.29	\$839,033	-	\$14.11		\$839,033
DPS01	Department of Public Service	3,152	\$52.29	\$164,805	-	\$14.11		\$164,805
DSP01	Division of State Police	3,723	\$52.29	\$194,661	-	\$14.11		\$194,661
DTA01	Division of Tax Appeals	227	\$52.29	\$11,869	-	\$14.11		\$11,869
DVA01	Division of Veterans' Affairs	1,268	\$52.29	\$66,299	2,234	\$14.11	\$31,513	\$97,812
EXC01	Executive Chamber	1,798	\$52.29	\$94,010	-	\$14.11		\$94,010
FCB01	Financial Control Board NYC	116	\$52.29	\$6,065	-	\$14.11		\$6,065

State of New York **Schedule D**
Shared Services Project
Office of General Services-Business Services Center
Billing Methodology and Memo Bill Calculation
Based on Actual FY 2014-15 Costs

Business		Total Accounting	Accounting		Human	Human Resources		
Unit	Description	Transactions	Rate	Accounting Bill	Total Paychecks	Resources Rate	Bill	Total Bill
GAM01	Gaming Commission	5,579	\$52.29	\$291,704	-	\$14.11		\$291,704
GHC01	Greenway Hrtg Cnsrv Hudson Valley	8	\$52.29	\$418	-	\$14.11		\$418
HCR01	Housing & Community Renewal	6,476	\$52.29	\$338,604	-	\$14.11		\$338,604
HES01	Higher Education Services Corp	2,048	\$52.29	\$107,082	-	\$14.11		\$107,082
HRV01	Hudson Valley Greenway Comm Cncl	126	\$52.29	\$6,588	26	\$14.11	\$367	\$6,955
IOL01	Interest on Lawyer Account	518	\$52.29	\$27,084	-	\$14.11		\$27,084
JUS01	Justice Center	3,887	\$52.29	\$203,236	7,939	\$14.11	\$111,988	\$315,224
LGP01	Lake George Park Commission	382	\$52.29	\$19,973	374	\$14.11	\$5,276	\$25,249
LTG01	Lieutenant Governor	123	\$52.29	\$6,431	-	\$14.11		\$6,431
MIG01	Office of Medicaid Inspector General	2,460	\$52.29	\$128,624	-	\$14.11		\$128,624
NCS01	National and Community Service	98	\$52.29	\$5,124	-	\$14.11		\$5,124
OAS01	Office of Alcoholism and Substance Abuse	7,533	\$52.29	\$393,870	-	\$14.11		\$393,870
OER01	Governor's Office of Employee Relations	4,392	\$52.29	\$229,640	1,220	\$14.11	\$17,209	\$246,849
OFA01	Office for the Aging	610	\$52.29	\$31,894	2,473	\$14.11	\$34,884	\$66,779
OFT01	Office for Technology (ITS)	11,353	\$52.29	\$593,603	95,175	\$14.11	\$1,342,547	\$1,936,149
OGS01	Office of General Services	15,487	\$52.29	\$809,753	44,487	\$14.11	\$627,537	\$1,437,290
OIG01	Office of the State Inspector General	403	\$52.29	\$21,071	1,868	\$14.11	\$26,350	\$47,421
OLS01	Office of Indigent Legal Services	890	\$52.29	\$46,535	282	\$14.11	\$3,978	\$50,512
OMH01	Office of Mental Health	36,150	\$52.29	\$1,890,138	-	\$14.11		\$1,890,138
OPD01	Office for People With Devel Disabilities	60,743	\$52.29	\$3,176,008	-	\$14.11		\$3,176,008
OVS01	Office of Victim Services	2,630	\$52.29	\$137,512	514	\$14.11	\$7,251	\$144,763
PDV01	Office for the Prevention of Domestic Violence	-	\$52.29		186	\$14.11	\$2,624	\$2,624
PER01	Public Employee Relations Board	520	\$52.29	\$27,189	744	\$14.11	\$10,495	\$37,684
PRK01	Parks, Recreation & Historic Presrvtn	2,538	\$52.29	\$132,702	-	\$14.11		\$132,702
SFS01	Statewide Financial System	142	\$52.29	\$7,425	-	\$14.11		\$7,425
TAX01	Taxation and Finance	22,688	\$52.29	\$1,186,264	-	\$14.11		\$1,186,264
TDA01	Office of Temporary and Disability Assistance	7,310	\$52.29	\$382,211	-	\$14.11		\$382,211
WCB01	Workers' Compensation Board	5,226	\$52.29	\$273,247	30,487	\$14.11	\$430,052	\$703,299
WIG01	Office of the Welfare Inspector General	125	\$52.29	\$6,536	186	\$14.11	\$2,624	\$9,159
Totals		502,994		\$26,299,538	215,625		\$3,041,624	\$29,341,162