

PROCUREMENT NOTICE

State of Connecticut – Department of Public Health
Public Health Initiatives Branch
Community Health and Prevention Section
Tobacco Use Prevention and Control Program

REQUEST FOR PROPOSAL # 2015-0904 Best Practices in Tobacco Use Prevention and Control

ADDENDUM # 1: Questions and Answers

The questions received as of May 6, 2015 by 11:59 PM on RFP # 2015-0904 are provided verbatim as submitted. The questions and their responses are:

- 1) The link did not work and the RFP was not found on the DPH website. Can you please resend link.

Answer:

The link is <http://www.ct.gov/dph/rfp>. The 'http:' was not included on page 5 of the RFP.

- 2) I am with (a state agency). Are we eligible to apply?

Answer:

Yes. Pursuant to the language on Pg. 6 --Number 4.) Eligibility (right at the top of the page): government agencies..... are eligible to submit proposals..... in response to this RFP.

- 3) Our agency is most interested in the referenced RFP and we have a question. If an applicant indicates they wish to apply for Component #3 – Cessation Interventions, are they required to address all three areas (3A - Health Systems Change, 3B - Direct Cessation Services, and 3C - Expansion of Insurance Coverage), or are they allowed to only address one of those three areas – such as proposing to only provide Direct Cessation Services (3B)?

Answer:

Agencies applying for Section 3B-Direct Cessation Services must also include 3A-Health Systems Change as stated on page 29. They do *not* have to address Area C: Expanding insurance coverage also. Questions 82 and 102 have related information.

- 4) I am a member of the Tobacco and Health Trust Fund Board, and am concerned about the wording on Page 13 under B) Assurances, Item 1. Collusion since my agency may be interested in putting in an application.

Answer:

This paragraph discusses participating in the development of the Request for Proposal. Although the Board recommended that such an RFP be released, the specific content of the RFP was not discussed and you did not participate in the preparation of the RFP.

In addition, DPH is not involved in any aspect of your organization or the preparation of the proposal.

- 5) Question re: Evaluating the program....I would like to write in an evaluator for our program. The question is will you be providing a 3rd party evaluator for the program?

Answer:

Yes.

- 6) Do you have any recommendations on a good curriculum we should be thinking about or can you point me in the right direction?

Answer:

We won't name a particular curriculum, however, one can be proposed and we will work with selected bidders to be sure that the program is evidence-based. A general outline is provided on page 47 and resources are listed in pages 45-46 which may help in developing a proposal.

- 7) Time Period of the Grant- I noticed that if we are successful our grant would not start until Dec. 1. and ends in 2017. Is this a one year program commitment or 18 months?

Answer:

Programs are for a two year period. Our contracts processing is frequently delayed so we anticipate contracts may not be executed until December.

- 8) The workforce analysis appears to be only for individuals employed in CT - is that the case, or is it seeking information for all individuals employed with the organization? If the organization currently has no individuals employed in the State of Connecticut, can the workforce analysis be left blank?

Answer:

The Workforce Analysis form is only for individuals employed in CT, we suggest anyone that does not have individuals employed in Connecticut fill the form in with zeros in order to confirm there are none vs. the form was forgotten.

- 9) The packaging requirements note that, "all proposals must be submitted in sealed envelopes or packages and be addressed to the Official Contact..." Does each of the 7 copies and the 1 original need to be in its own sealed envelope or package, or will one sealed envelope or package that contains all 8 copies (1 original and 7 copies) suffice?

Answer:

One envelope for all copies of one proposal from each bidder is fine. However if one bidder is submitting multiple proposals-e.g. separate proposals under separate components (as opposed to multiple copies of the same proposal) we ask that each of those proposals be packaged separately.

- 10) The page limit is 25 pages, and the document must be double sided. Is this 25 double sided pieces of paper (50 pages of total content), or 12.5 pieces of paper (25 pages of total content)?
and
- 11) Regarding Proposal Format (RFP p.9-10): Page limit is 25 pages. Print style is 2-sided. Can you please clarify if the limit for the proposal is 25 pages of text, or 25 sheets of 2-sided text?
and
- 12) If we are applying for more than 1 component, does the 25 page limit apply to each component or is the 25 page limit inclusive of all components applied for?

Answer:

One proposal may only have 25 pages of text: this is 25 pages of content, so 13 pieces of paper double sided up to page 25. For more than one component, it may be preferable to put in separate applications under each component.

- 13) Page 9 of the RFP document notes that the Cover Sheet is Page 1 of the proposal. The cover sheet provided is 2 pages. I assume that the Cover Sheet is both pages 1 and 2?

Answer:

Yes, sorry for the confusion. The Cover Sheet begins the proposal and will be pages 1 and 2.

- 14) The cover sheet that was included with the RFP has margins that are: 0.5 Top, 0.5 Bottom, 0.8 Left, and 0.8 Right. If the 1 inch margins prescribed in the Style Requirements are used, the Cover Sheet cannot fit in it's existing format pasted into a page with the proper required header and footer as noted in the Pagination section, as some of the content falls onto the next page. Should the cover sheets use their existing margins, or be modified to use the 1 inch margins prescribed in

the Style Requirements and allow some of the contents to appear on a different page than the original form?

Answer:

The Cover Sheet (pages 1 and 2 of the proposal) may contain their current margins and do not need to be reformatted for 1-inch margins. The same is true of all of the pre-designed forms.

15) Will the campaign address both cessation and prevention and if so, what % of budget expended on each?

Answer:

The Mass-Reach Health Communications Component awardee will be working with all awardees under components 1 and 3 to assist with their marketing and public relations; therefore it is anticipated that tobacco use activities in both prevention and cessation will be addressed in the marketing and public relations activities. The budget should reflect these activities and the applicant should propose how they feel the funds should be appropriately expended. Also see Questions 17, 27, and 73.

16) Applicants who want to be considered for Component 2: Mass-Reach Health Communication Interventions will plan to spend a portion of the allocated \$365,650 on advertising/media purchase. Can applicants for Component 1: State and Community Interventions also plan to spend a portion of their funds on media purchase?

Answer:

Bidders may include media purchase within their proposed budgets, as related to their work plan.

17) It appears that one contractor will be chosen to carry out Mass-Reach Health Communications, one contractor will be chosen to carry out the Evaluation, and up to twenty contractors (approximately) will be chosen to carry out Cessation Interventions and State and Community Interventions combined. Is this correct?

Answer:

The number of contractors is not yet known. We anticipate there only being one contractor for Mass-Reach Health Communications and one contractor for Evaluation. See also Questions 27 and 69 with related information.

18) Under Component 2: Mass-Reach Health Communication Interventions (p. 26) we read “The successful bidder will work with the Program and each successful bidder ...” Further down we

read “Provide recommendations and assist the Program and contractors with the development and implementation of health promotion activities ... ” (emphasis added)

Please explain what you mean by “the Program.”

Answer:

The Program is the Department of Public Health, Tobacco Use Prevention and Control Program; described on Pages 19-20 of the RFP.

19) Can a portion of the contractual award be used to fund a position to provide proposed services for cessation intervention?

Answer:

Yes.

20) Our application will target direct cessation, is it acceptable to target only that component ?

Answer:

Applicants may choose to respond to only one of the four components included in the RFP. Agencies applying for Section 3B-Direct Cessation Services must also include 3A-Health Systems Change as stated on page 29.

21) Should we include an evaluation component for direct cessation or will DPH use the same process of evaluation as they are using for their current programs?

Answer:

All bidders must include an evaluation plan with their proposal. See also Question 5 regarding an independent evaluator.

22) We were previously funded by the Department for a tobacco-related initiative. Can you provide us with a Letter of Support?

and

23) Can a letter of reference from a grantor be from an employee in DPH’s Tobacco Use and Prevention Control Program?

Answer:

No. The letters should come from other organizations that you worked with on the project. However, your application can discuss your previous DPH funded projects.

24) I am interested in attending a youth coordinators conference this summer run by the Legacy Foundation. This opportunity obviously comes before notification of grant recipients. Please advise on moving forward with my application.

Answer:

We are in the process of scheduling a youth forum for the fall, tentative date in October. The forum is being developed in concert with the Legacy Foundation, the Campaign for Tobacco Free Kids, and other states with active youth participation in tobacco prevention activities. We believe that this forum will provide useful information for all community programs, especially those who may be funded for these types of activities.

25) Regarding POS Standard Contract, Part I: Is it possible to see a sample of Part I of the standard contract?

and

26) Regarding II. Mandatory Provisions, Part A on page 13: Could you please provide Part I of the standard contract?

Answer:

A sample of Part 1 of a department contract is enclosed as an attachment; this one is for Quitline services. In addition, Part 2, the state boilerplate language, is also attached.

27) Is there any more information on the number of contracts that will be awarded? We are particularly interested in Component 1.

Answer:

Letters of intent are due on June 3, 2015. Until then, we do not know how many organizations may be interested in applying. See also Questions 17 and 69 with related information.

28) Is there a maximum/recommended funding amount for Component 1?

Answer:

The amount of funding recommended for each applicant will depend on the level and complexity of the program proposed. Each proposed program will include their budget and justification for the amounts requested.

29) We may submit proposals for both Component 1 and 4. Is it preferred to submit one proposal (even if there is not much overlap as Component 4 works with all successful bidders), or two separate proposals?

Answer:

If the applications are being submitted for two different programs without overlap in the programs, they should be submitted as two separate proposals. See Questions 9, 36 and 79 with related information.

30) We intend to include programming on e-cigarettes and hookah, in addition to traditional cigarette use. Is this ok?

And

31) Are vaping and e-cigarettes included in the definition of tobacco for this RFP?

Answer:

Tobacco initiatives should incorporate all forms of tobacco, not just cigarettes. This would include both combustible products such as cigarettes, cigars, little cigars, pipes, hookahs; and non-combustible products such as smokeless tobacco and electronic cigarettes.

32) Would prevention efforts with youth be considered part of Component 1: State and Community Interventions?

Answer:

Yes.

33) Are we able to develop subcontracts with other providers?

Answer:

Yes. Detail should be provided about the relationship and tasks to be performed by each contractor and subcontractor.

34) For clarification purposes, the RFP is not specific to youth and young adults, but also to serving adults, correct? There was some slight confusion that all services would be directed toward working with youth and young adults, but upon closer look, services can be delivered to adults as well.

Answer:

The RFP is not only for youth and young adult activities.

35) On page 48, in the outline for a tobacco cessation program curriculum, #4 states that we should advertise and market the tobacco cessation program to agencies and organizations that serve tobacco users in the contractor's area. Can we use grant funds to develop marketing materials?

Answer:

Yes.

36) The RFP states that multiple proposals is an option. If we are planning to apply for funding in multiple components, is it advisable to submit separate proposals for each? I.e. applying for direct cessation funds for adults and community funds for prevention in youth/young adults?

Answer:

Yes, applications being submitted for two (or more) different components without overlap in the programs should be submitted as two (or more) separate proposals. See also Questions 29 and 75 with related information.

37) We plan to include an agency as a subcontractor to deliver cessation services at their setting. Can the subcontractor also apply for funding under State and Community Interventions separately and include us as a subcontractor (if no funds were changing hands between us)? If so, is it permissible to submit a letter of support/collaboration to each other?

Answer:

Without understanding the nature of the type of program being provided and the inter-dependence of the two agencies, we are not able to provide a full answer, however you both are not precluded from providing collaboration letters to each other. Tasks of each should be well-defined in each proposal.

38) Have you considered standardizing use of the CO monitor across cessation providers and using that as an outcome measure?

Answer:

Yes it has been considered, it is not a requirement at this time.

39) To what extent will proposal evaluation differ based on which component is being addressed? For instance, would a proposal responding to the evaluation component take into consideration that some sections of the RFP outline are more or less relevant to evaluation compared to program development?

Answer:

Yes, which component and the type of program to be offered would alter the evaluation plan.

- 40) Please provide clarification for item F.1.i: Governance System? What type of information is needed here? We are a program within a department of a large university. Would information at the level of our department suffice?

Answer:

This section should include information on the accountability structure of the entity that is completing the application.

- 41) What type of information is needed for F.2.b: Delivery Plan/Systems/Processes/Protocols?

Answer:

The type of information needed includes what, how, and who you will serve.

- 42) Please provide clarification for what F.3.f: Is information about staff training/education/development requested for what staff already have or what activities in these areas are planned for staff as part of the proposed work

Answer:

Both pieces of information should be included: what relevant training staff has already had and what training is planned.

- 43) Is item F.6.g: Measurable Objectives an accidental duplicate?

And

- 44) The proposal outline included on RFP page 36-37 includes Measurable Objectives under the work plan twice (as 6.e and 6.g). May applicants delete 6.g Measurable Objectives?

Answer:

On page 37 of the RFP under 6) Work Plan, Measurable Objectives are listed twice under the Work Plan outline, as both items e. and g.; yes, this is an accidental duplicate. The Work Plan form included on page 80 is accurate.

- 45) What are your expectations for the type of information respondents applying for the Evaluation component should provide in the evaluation plan?

Answer:

We expect that the information provided will include how the applicant anticipates evaluating the other components

46) We are a program within a department of a very large university. For the financial profile section, will information about our program and department suffice? Or do we need to provide University-level information.

Answer:

The information provided should be sufficient to accurately reflect the stability and status of the applicant organization.

47) Is there an incumbent for this work who has been under contract to the Connecticut Department of Public Health? If yes, please tell us who is this incumbent?

Answer:

This is the first Request for Proposal that we have released for Best Practices in Tobacco Use Prevention and Control.

Programs funded most recently that were competitively bid were for community tobacco use cessation programs. Most of those contracts will be expiring in the next month. Those contractors are:

- CommuniCare, Inc.
- Connecticut Mental Health Authority
- Fair Haven Community Health Center
- Hartford Hospital
- Ledge Light Health District
- City of Meriden Department of Health and Human Services
- Midwestern Connecticut Council on Alcoholism
- Uncas Health District
- Wheeler Clinic

The current independent evaluator is University of North Carolina at Chapel Hill, funded to evaluate media, Quitline, and community cessation programs funded by the Tobacco and Health Trust Fund;

The Tobacco Use Cessation Telephone Quitline vendor is Alere Wellbeing, Inc.; selected through competitive bid during 2014.

48) We received funding in the past from the Tobacco and Health Trust Fund. May we just provide a two page summary of work we want to do instead of a full proposal?

Answer:

No. All funds are to be competitively bid so all proposals must follow the requirements of the RFP.

49) Please provide clarification on the scope of Attachment f: Cost Allocation Plan. We understand this to mean a justification of any administrative needs.

Answer:

Any applicant that is requesting Administrative and General Costs as a line item in their budget must provide detail on how this number is calculated; what the number includes and how it was calculated; how similar programs in the agency are charged for similar expenses, etc. More detail is available at the State of Connecticut, Office of Policy and Management, Cost Standards through the link provided

http://www.ct.gov/opm/lib/opm/POS_Cost_Standards_1-14-14.pdf

50) Please provide clarification on what is needed for Attachment g: Audited Financial Statements. What kind of financial statements are required, and who should the auditors be?

Answer:

Applicants may simply provide a copy of the company/organization's most recent annual financial audit, including any management letters and audit recommendations. This would be a report from an independent auditor.

Any municipality, audited agency, and not-for-profit organization required to perform a State Single Audit that has already provided a copy of their audit to the State of Connecticut, Office of Policy and Management Electronic Reporting System or to this department may simply state that it is already on file.

51) Does our status as an out-of-state organization have any implications for the Notification to Bidders form and/or the Workforce Analysis Form? Do these forms and the associated regulations apply?

Answer:

The Notification to Bidders form is required of all applicants.

The Workforce Analysis form is only for individuals employed in CT, we suggest anyone that does not have individuals employed in Connecticut fill the form in with zeros in order to confirm there are none vs. the form was forgotten. See also Question 8 with related information.

52) Will preference be given to those who bid on all four components of the search?

Answer:

No.

53) In addition to the resources listed in Appendix C and D, do programs from SAMSHA's National Registry of Evidence-based Programs and Practices meet the criteria for youth prevention curricula?

Answer:

We have not assessed these curricula but will work with all selected applicants to make sure the curriculum/program to be implemented is evidence-based for tobacco use prevention.

54) When we come up with a program cost is it for the length of the contract (12/1/15-11/30/17) or for a one year period ? Position schedule 2a is requesting hours per year which is then carried forward to Schedule A Project Budget.

Answer:

The budget should be completed for the length of the contract (two years). The hours worked per year on Position Schedule 2a is for the hours worked per year. The Project Budget would include the costs for a two year period.

55) With Component 1 do we have to address both sections; Youth Prevention and Young Adult Initiation and Tobacco Free Policies for Outdoor Spaces and Places? Or could it focus more on one or the other?

Answer:

Component 1 applicants may address any or all of the areas in Component 1.

56) In Component 3, Cessation Intervention Component Area B: Direct Cessation Services, it states we need to provide an initial intensive counseling session of at least 30 minutes to all clients. Does this have to be part of the cessation curriculum or can it be an added session?

Answer:

The initial intensive counseling session needs to be provided to all cessation program participants. The initial intensive counseling session occurs before the cessation curriculum begins.

- 57) For Component 3, Cessation Intervention Component Area B: Direct Cessation Services, it states services must target people without insurance coverage for tobacco use cessation counseling and medications. Do youth under 18 fit that criteria?

Answer:

They may if they do not have insurance, or if their insurance plan does not cover tobacco cessation services, however please note that medications are not FDA-approved for youth under age 18.

- 58) Please clarify pg. 30, Expanding Insurance coverage. If applying for Component 3- Areas A and B does one have to apply for Area C as well?

Answer:

No.

- 59) It is my understanding that there will be a DPH Access data base system complimenting Component 3 Area B for recording purposes like the one that currently exists. Is this correct?

Answer:

As listed in the outline on Page 49, an ACCESS database is provided by DPH for collection of necessary data in tobacco use cessation programming. See also Question 70.

- 60) Please define "go beyond a traditional mass media placement" under Mass-Reach Health Communications.

Answer:

We consider traditional mass media to be television, radio, and print ad placements.

- 61) For Component 3 Area B, does funding include reimbursement for treatment services as we experience with our current contract? Is this funding fee for service or grant driven?

Answer:

Applicants may propose either a grant based or fee- for- service budget for reimbursement of services rendered as part of the contract.

62) For Components 1, 2 and 3 (Areas A, B and C), would I include 1 work plan, 1 evaluation plan and 1 logic model for each of these 6 entities.

Answer:

Each Component should have its own work plan, its own evaluation plan, and its own logic model.

63) The Nondiscrimination certification form and gift campaign contribution certification are included in the RFP (Pages 57 to 59). However, they are not listed under the Forms section in the Proposal Outline on Page 38. Do you want these 2 forms completed and included under the Forms section as e) and f)?

Answer:

As stated on Page 39, Forms identified as items J) through O), of which these are two of them, do not get included with the proposal. They are provided for your information since they would be required during contract development.

64) Under the Proposal Outline on pages 36 to 38, could you please provide brief explanation of what you are looking for under the following subheads:

Under Organizational Profile:

D. Functional Organization: Please clarify what this would entail.

Answer:

Functional organization is your organization hierarchy and reporting structure

J. References: How many? Do these correspond with the letters of reference?

Answer:

Letters of Reference are required from two previous employer/grantors, and three letters of collaboration and support are required.

Under Scope of Services:

C. Client Engagement/Consultation/Evaluation: Does this refer to client input into program design and delivery or something else?

Answer:

How you are going to engage clients and service delivery

E. Administrative Support: Does this mean oversight, supervision and management?
And/or clerical support?

Answer:

All of the above.

F. Special Health or Safety Requirements: To what does this refer?

Answer:

Include topics such as meeting accommodations for persons under the Americans with Disabilities Act (ADA), Health Insurance Portability and Accountability Act (HIPAA), patients with special needs.

Under Staffing Plan:

D. Personnel Organization Chart: Are you looking for a chart of the agency or the proposed project?

Answer:

Both

Under Data and Technology:

D. Methods of Communication: Does this refer to grantee and funder communication?

Answer:

This should include your methods of communication in all directions: With the funder, with your partners, with program participants, etc.

65) Is the amount provided on Page 5 (\$3,042,511), the total amount available for the 2-year project period (12/1/15 to 11/30/17) or is that the total annual amount?

Answer:

This is the total amount available.

66) Under the Proposal Outline under header Workplan on Page 37, Measurable objective is listed twice - e) and g). Shall we omit g)?

Answer:

Yes. See also Questions 43 & 44 for related information.

67) Under the Proposal Outline under the header Evaluation Plan on Page 37, what kind of content are looking for under f) Comments?

Answer:

This is a space for any additional information that an applicant may wish to provide about that piece of the evaluation

68) Under Cessation Intervention Component B on Page 29, it reads “Services must be targeted to persons without insurance coverage for tobacco use cessation counseling and medications.” Does this mean we cannot offer cessation services for persons covered by 3rd party reimbursement? Can we offer cessation services (individual, group) that include persons with and without insurance coverage for this service and bill for 3rd party reimbursement for the ones who have insurance coverage?

Answer:

The purpose of this funding is to expand coverage for tobacco use cessation services, not to duplicate what is already available. These funds may be used to cover the portion of tobacco use cessation services that is not covered by insurance, however, nicotine replacement therapy and medications may only be provided to counseling program participants. If this question is asking if you can run a group with both covered and non-covered persons, DPH would only reimburse for the non-covered persons. See also Questions 80 and 87 for similar content.

69) On Page 26, it reads (Note: There is the possibility of up to 20 contractors). To what does this refer? Is this the maximum number of grant awards under Components 1 and 3?

Answer:

We do not know what number of awards there will be. We were providing an estimated number for the Component 2 and 4 applicants to have an idea of how many programs they may potentially be working with. See also Questions 17 and 27.

70) Will DPH provide a database in which to enter data for these grant-funded projects?

Answer:

It depends on what type of project and what data collection will be needed. The contractor may need to establish their system of data collection with guidance from the department. The Department has already developed an ACCESS database for collection of data from tobacco use cessation services program participants. See Question 59 with related information.

71) Will DPH provide or sponsor any free training to project staff relevant to achieving the goals of these grants? If yes, what will the topics be?

Answer:

We are planning statewide forums for both youth engagement and for community wide projects. Topics may include tobacco retailer initiatives including advertising awareness and product placement restrictions, effective youth advocacy initiatives, media literacy, tobacco industry marketing tactics, and working with policy makers.

72) Does the \$905,678 allocated to fund cessation interventions include the cost of maintaining the QuitLine?

Answer:

No.

73) Under Component 2 – Mass Reach Health Communications – will there be one award to conduct activities statewide, or multiple awards to conduct local or regional activities?

Answer:

We are expecting one vendor will work with all programs in the state. See Questions 15, 17, and 27 with similar content.

74) Under Component 2 – Mass Reach Health Communications – what is the note mentioning “Up to 20 Contractors” in reference to? Is that the total number of awards expected to be made under Component 1, Component 3, or all together, or is it in reference to something else?

Answer:

We do not know what the number of awards will be. We were providing an estimated number for the Component 2 and 4 applicants to have an idea of how many programs they may potentially be working with.

75) Please confirm – if we are including more than one component in our funding request, we should submit only one proposal that describes each component we are requesting funding for in the Scope of Service section? Or should we submit multiple, distinct proposals?

Answer:

If the applications are being submitted for two different programs without overlap in the programs, they should be submitted as two separate proposals. See Questions 29, 36 and 79 with related information.

76) If the answer regarding proposals that include more than one component is that we should submit one proposal, when we present the budget, should we detailed separate budgets for each component? If so, should we also include a summary budget?

Answer:

There should be separate budgets for each component. There is no requirement for a summary budget as well.

77) Under Component 3, Area A – will there be one successful bidder for this component who will conduct outreach and training statewide, or multiple awards to conduct local or regional activities?

Answer:

All proposers for Component 3, Area B will also be working in Area A. There may be multiple awards to conduct activities within various defined service areas.

78) Under Component 3, Area A – *if there will be multiple awards – would expenses associated with policy and practice change within a group of primary care practices, including updates to an EHR system, be considered for funding? Or is this funding designated for outreach and education about the importance of SBIRT and using EHRs to track cessation but not actually to fund those changes?

Answer:

This funding is targeted to education and outreach and providing technical assistance to health care providers on how to implement screening and referral systems. It is not expected to be used to fund system changes for individual practices.

79) Please clarify guidelines regarding an applicant applying for more than one component:
a) Should applicants submit one proposal per component or one proposal that includes all components?

Answer:

Submit one separate proposal for each component being applied for when there is not any significant overlap in the programs. See also Questions 9, 29, and 36.

b) If applicants are to include multiple components within one application, is the proposal page limit expanded to take into account the additional information required to describe the multiple components?

Answer:

No.

c) If applicants are to include multiple components within one application, should the applicant submit one work plan per component or one work plan that includes all components?

Answer:

Each component should have its own work plan, its own evaluation plan, and its own logic model.

d) If applicants are to include multiple components within one application, should the applicant submit one budget per component or one budget that includes all components?

Answer:

Submit one budget for each component. See also Question 76 with related information.

80) Per the RFP, applicants may only provide tobacco cessation services for individuals who do not have insurance. Can a provider continue to provide cessation services for a client if the agency helps the client enroll in insurance and the client becomes covered during the course of services?

Answer:

Once insurance provides coverage for tobacco use cessation services, the client's covered cessation treatment should no longer be charged to the grant. See Question 68 with related information.

81) For Component 1, State and Community Interventions, are applicants required to address both Youth Prevention and Young Adult Initiation and Tobacco Free Policies for Outdoor Spaces and Places? Or may applicants select one areas within the component to address?

Answer:

Component 1: State and Community Interventions applicants may pick either or both of the recommended activity areas.

82) For Component 3, Cessation Interventions, are applicants required to address all three areas within the component: A) Health Systems Change; B) Direct Cessation Services; and C) Expansion of Insurance Coverage and Utilization of Proven Treatments? Or may applicants select one or two areas within the component?

Answer:

Applicants for Component 3, Area B must also address Area A; otherwise any areas may be proposed. Question 3 has related information.

83) The RFP indicates that Administrative and General Cots are allowed but Indirect costs are not. What does DPH mean by indirect costs?

Answer:

The State of Connecticut definition of indirect costs is no different than any other entity. Please see the Office of Policy and Management Cost Standards document included with these answers as an attachment for the allowable method of allocating direct costs. See also Question 49.

84) How many contracts does DPH anticipate awarding for Component 2, Mass-Reach Health Communication Interventions?

Answer:

One contract is anticipated. See also Questions 17, 27, and 73 with related information.

85) Approximately what percentage of effort in Component 2, Mass-Reach Health Communications Interventions, is anticipated for assisting funded contractors versus implementing a broader public health campaign?

Answer:

We are unable to provide a response to this question. The applicant will provide detail on how they anticipate meeting the objectives of this Component. See also Question 15.

86) Please clarify the statement on RFP page 30 indicating that "One bidder may be selected to work with insurance companies and employers to educate them on the benefits of providing tobacco use cessation services..." Does DPH anticipate a single bidder responsible for this effort statewide?

Answer:

Yes.

87) The target group for cessation services is likely to be on Medicaid or be Medicaid-eligible. Are individuals on Medicaid excluded from receiving tobacco cessation services through this initiative? Is it possible to provide individuals on Medicaid with tobacco cessation services through this grant and not bill Medicaid?

Answer:

We are not targeting Medicaid clients through this RFP as they already have coverage for tobacco use cessation services. See related information in Questions 68 and 80.

88) Is the independent evaluator referenced in the Preliminary Review Team Technical Criteria Worksheet item 6c (see RFP page 44) the Component 4 grantee?

Answer:

Yes.

89) Is it possible to provide tobacco cessation services to individuals with partial insurance coverage (either NRT or cessation services, but not both) or those with a high co-payment through this grant?

Answer:

The purpose of this funding is to expand coverage for tobacco use cessation services, not to duplicate what is already available. These funds may be used to cover the portion of tobacco use cessation services that is not covered by insurance, however, nicotine replacement therapy and medications may only be provided to counseling program participants.

90) Given that applicants are asked to print their proposals on both sides of the page, does the 25-page page limit pertain to the number of pages or the number of pieces of paper?

Answer:

25 printed pages of text only.

91) On the Project Budget applicants are asked to include Audit Cost under Line #11, Other Expenses (see RFP page 74). Applicants are also asked to include Administrative and General Costs on Line Item #12 and these costs include the costs of accounting and auditing. Can the Audit Cost be included under Administrative and General in the budget rather than under Other Expenses?

Answer:

If the entire cost of the audit is allocable to the project being proposed, the cost would be listed under Item #11: Other Expenses. If the audit for the agency is being allocated through the cost allocation plan, the cost would be listed on line item #12.

92) In the Main Proposal Outline for the Project Narrative (see RFP pages 72-73), applicants are asked to provide answers to six questions that are not included in the Table of Contents (see RFP pages 36-37). Please provide clarification regarding the section in which responses to these six questions should be included. Should applicants adjust the table of contents to include these questions?

Answer:

The Questions go between Section 5 (Subcontractors) and Section 6 (Work Plan) as identified on pages 72-73. The Questions should be numbered 1-6. See also Question 96; the Questions do not need to be added to the table of contents.

93) May applicants use single-spacing and 10-point font for the Work Plan, Evaluation Plan, and the Logic Model forms?

Answer:

Yes.

94) Page 34 of the RFP under Cost Proposal Components references both fee-for-service and full budget programs. Can applicants apply using either a full budget or a fee-for-service budget? What forms would an applicant use if applying using a fee-for-service budget?

Answer:

Yes, the budget can be provided as a fee-for-service budget. Fee for Service and Deliverables-based budgets may be provided using the Budget Justification Schedule B form. Position Schedule 2a only needs to be completed for those charging salary to the grant.

95) Regarding contact information for this RFP: Can you confirm that the following address is correct for sending all proposals and correspondence:

Name: Barbara Metcalf Walsh
Address: 410 Capitol Avenue, MS#11 HLS
P.O. Box 340308
Hartford, CT 06134-0308
Phone: 860-509-8251
Fax: 860-509-7854

E-Mail: DPHtobacco@ct.gov

Answer:

Yes, this is the contact information as listed on Page 1 of the RFP.

- 96) Regarding F) Main Proposal Outline for Project Narrative on pages 72-73: Where would you like bidders to address this content in the proposal outline provided on pages 36-37? If a bidder is only addressing component 3A, are responses to all of the questions listed on pages 72-73 required?

Answer:

The Questions go between Section 5 (Subcontractors) and Section 6 (Work Plan) as identified on pages 72-73. The Questions should be numbered 1-6. All questions need to be addressed. If you feel that a particular question is not applicable, that may be stated for your response.

- 97) Regarding the Work Plan and Evaluation Plan outlined on page 37 (items 6 and 7): Would you like responses to be itemized by letter, as instructed on page 36, or would you like a simple summary paragraph that addressed the lettered items, per the instruction on page 37?

Answer:

A general paragraph regarding each of the numbered items listed in the outline for the work plan will be provided in the project narrative, and the detail for each of those items is provided on the Work Plan form.

- 98) Regarding the three Letters of Collaboration noted on page 38: Is this item required for vendors who are responding exclusively to component 3A?

Answer:

Letters of Collaboration are required from all applicants.

- 99) Is there a specific location in the project narrative in the main proposal where we should include a summary of the Full Work Plan and Evaluation Plan?

Answer:

Yes, pages 72-73 provided an outline for the order which is also included on Page 37.

100) Should we incorporate answers to the questions that are at the end of *Section F-Main Proposal-Outline for Project Narrative* where we discern is an appropriate location for these questions to be answered?

Answer:

No, see pages 72-73 which provides the locations for the questions; see also Questions 92 and 96 on this topic.

101) Will DPH be providing a media/public relations contractor that would assist with public marketing efforts? If this is the case, would this be a line item in our budget?

Answer:

Yes. No. Component 2 addresses Mass-Reach Health Communication Interventions.

102) For Component three may we choose one area or do we need to address all three areas?

Answer:

Applicants applying for Component 3-Area B must also include Component 3: Area B as listed on Page 29. Applicants applying for Component 3-Areas A and B do not need to include Area C as well. Questions 3 and 82 have related information.

103) Will NRT be available to offer to recipients of smoking cessation programs?

Answer:

Yes, as listed on Page 29 under Cessation Intervention Component Area B: Direct Cessation Services, all FDA-approved cessation medications (both prescription and over-the counter) are to be made available to program participants when medically appropriate. Please note, DPH will not provide NRT or other cessation medications directly to contractors, those items should be included as a budget line item.

104) If there is an individual is who is a trained American Lung Association Freedom from Smoking Facilitator would this training be acknowledged as in-kind?

Answer:

Freedom from Smoking is an evidence-based tobacco use cessation program curriculum; this past training would be included in the Staffing Plan section of the Main Proposal (F. 3. f-staff training/education/development).

105) Is there currently a statewide youth engagement program in CT?

If so: What is its name and website?

Are there any reports or other documents available that highlight its accomplishments such as number of youth trained, active youth volunteers, policies passed, activities completed, etc?

Answer:

There is currently no statewide youth engagement program in CT for tobacco.

106) How many different programs are you expecting to fund under the state and community interventions component?

If yes, what do you expect to be the average funding levels or funding range for programs under the state and community interventions component?

If yes, can a single contractor propose multiple programs for the state and community interventions component? If so, should these be in a single proposal or multiple proposals?

Answer:

It is unknown how many programs will be funded: the amount of funding for each program will depend on the scope and complexity of the program. A separate proposal should be submitted for each distinct intervention proposed.

107) If a proposal includes multiple components, can the state choose to fund some of the services and not others or is it all or nothing?

Answer:

The review committees will be able to make recommendations for funding just part of multiple components.

108) Does DPH currently have any active policy change campaigns? If so, where can more information about these campaigns be found?

Answer:

Although we believe there are a few communities who may be working on campaigns in certain venues, there are no active statewide tobacco policy change campaigns underway at this time.

109) Does DPH current have a Mass-Reach Health Communications Contractor?
If so, who is the contractor and how long has DPH worked with this contractor?

Answer:

There is currently no Mass-Reach Health Communications Contractor.

110) How many tobacco control coalitions does DPH fund?

Answer:

There are currently no tobacco control coalitions funded by DPH to do general tobacco control activities.

111) The budget rules and worksheets seem to be structured for non-profit organizations. However, the RPF says public and private organizations are eligible. Please confirm, are for-profit, private companies eligible?

If not, is there a different worksheet or rules for private companies? Specifically, marketing companies typically do not charge for salaries and fringe benefits. Instead, marketing companies bill either fee-for-service or full-loaded billable hours that include all salaries, overhead, profit, etc. For example, a medium-sized marketing company may have dozens of employees that will touch a campaign at one point or another, possibly across multiple locations, making it very difficult to break down costs the way non-profit organizations do. Is there a way to include billable hours on the budget rather than non-profit style salary, fringe and overhead rates?

Answer:

Public and private organizations are eligible to apply. Fee-for-service and deliverable-based budgets can utilize the BUDGET JUSTIFICATION Schedule B form to list the way services would be charged. See also Question #94.

112) The project budget says "Total DPH Grant." Is this a grant or a contract?

Answer:

The box on the Budget Form labeled "total DPH grant" is the total amount being requested for the project proposed. This amount, if awarded, will become an executed contract by which payments will be made to the contractor.

113) Are private companies who receive a contract required to conduct a State Single Audit?

Answer:

No.

114) Are private companies required to provide financial statements as noted in the outline number H.g.?

Answer:

See Answer to Question 50, only the most recent audit report is needed.

115) I have one more question. What is the target population for Cessation Intervention Component B: Direct Cessation Services? It says that it should be targeted to people without insurance coverage for tobacco use cessation counseling and medications. Some commercial insurance plans do not cover tobacco cessation medications. Is this the target group? According to Access Health CT, there are only 8700 people in CT with no insurance. These are the immigrant population – the legal and illegal aliens. Is this the target group?

Answer:

Services are to be provided to people that are not already covered for cessation services. These funds may be used to cover the portion of tobacco use cessation services that is not covered by insurance, however, nicotine replacement therapy and medications may only be provided to counseling program participants. See questions 68, 80, 87 and 89 for similar content.

116) Are we permitted to work with the same communities that we previously worked with for DPH-funded tobacco prevention programs?

Answer:

Services should not be duplicated. It is recommended that applicants work in a different community unless they can provide a compelling justification to serve the community previously worked with. Refer to RFP pages 23 -25 for suggested evidence-based activities and discouraged activities; note that traditional prevention programs are discouraged.

117) Are we permitted to repeat successful programs, activities and initiatives that we previously implemented for DPH-funded tobacco prevention programs?

Answer:

See Answer to Question 116.

118) Letter of intent: Is there a suggested page amount? Maximum or minimum word count or page total?

Answer:

No, there is no suggested format, minimum or maximum word counts.

Anyone interested in submitting a proposal on these initiatives is reminded that:

✓ Letters of intent are due no later than June 3, 2015

and

✓ Proposals are due no later than June 17, 2015 by 2:00 PM Eastern Daylight Savings Time.

Thank you for your interest.



State of Connecticut
OFFICE OF POLICY AND MANAGEMENT

COST STANDARDS

Robert L. Genuario
Secretary
Office of Policy and Management
450 Capitol Avenue
Hartford, Connecticut 06106

Issued September 1, 2006

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Acronyms & Abbreviations

A&G	Administrative & General (costs)
CAP	Cost Allocation Plan
ERISA	Employment Retirement Income Security Act (federal)
FLSA	Fair Labor Standards Act (federal)
GAAP	Generally Accepted Accounting Principles
IRS	Internal Revenue Service (federal)
OMB	Office of Management & Budget (federal)
PA	Public Act (State)
PL	Public Law (federal)
POS	Purchase of Service
U.S.C.	United States Code

User Note

Certain key words used in this document are defined as follows:

- *can* – means “am (is, are) able” to do, make, or accomplish; not used as a substitute for “may”
- *may* – indicates permissible, but not required, tasks or actions
- *must* – indicates tasks or actions required by the cost standards
- *shall* – indicates tasks or actions required by the cost Standards
- *should* – indicates tasks or actions that are recommended, but not required, by the cost standards
- *will* – indicates anticipated or future actions, not required actions

INTRODUCTION

Purpose

This document establishes standards for determining the costs of contracts, grants, and other agreements with organizations that receive funding from the State of Connecticut.

Applicability

These cost standards must be used by all State agencies in determining the costs incurred by organizations under State awards. For purposes here, *State award* is defined as a fully executed POS contract, grant, cooperative agreement, cost reimbursement contract, or other contract for the purchase of health or human services between a State agency and an organization.

These cost standards:

- (1) apply to both recipients and sub-recipients of State awards;
- (2) supersede any cost standards, policies, or procedures issued by a State agency;
- (3) do not supersede federal or State statutes or regulations.

Purchase of Service (POS) Contracts

A *POS contract* is a contract between a State agency and an organization for the purchase of ongoing direct health and human services to agency clients. The contract generally is not used for the purpose of purchasing administrative or clerical services, material goods, training, or consulting services. POS contracts are to be used to contract with nonprofit and proprietary corporations as well as partnerships, but cannot be used to contract with individuals.

Responsibilities

All State agencies entering into contracts, grants, or other agreements with organizations that receive funding from the State of Connecticut must implement the provisions of these cost standards.

Waiver

The Secretary of the Office of Policy and Management reserves the right to waive these cost standards, in whole or in part, when it is determined to be in the best interest of the State of Connecticut.

Sections

The cost standards and related policy guidelines are set forth in the following sections:

- Part I. General Principles
- Part II. Items of Cost
- Glossary of Terms

Effective Date

These cost standards are effective January 1, 2007 and must be incorporated into the provisions of State awards according to the following time frames:

All new State awards effective on or after January 1, 2007. All contract amendments modifying funding effective on or after January 1, 2007. All State awards effective on or after July 1, 2007

Inquiries

For further information concerning these cost standards, contact:

Executive Finance Officer
Office of Finance
Office of Policy and Management
450 Capitol Avenue Hartford,
CT 06106

PART I. GENERAL PRINCIPLES

A. Basic Considerations

(1) Factors Affecting Allowability of Costs

To be allowable under a State award, costs must meet the following general criteria:

- a. Be applicable to the State-sponsored program;
- b. Be reasonable for the performance of the State award and be allocable thereto under these cost standards;
- c. Conform to any limitations or exclusions set forth in these cost standards or in the State award as to types or amount of cost items;
- d. Be consistent with policies and procedures that apply uniformly to both State-funded and other activities of the organization;
- e. Be accorded consistent treatment;
- f. Be determined in accordance with Generally Accepted Accounting Principles (GAAP);
- g. Not be included as a cost or used to meet cost sharing or matching requirements of any other State award in either the current or a prior period;
- h. Be net of all applicable credits [see Part I, Section 4];
- i. Be adequately documented.

(2) Documentation of Costs

Allowable costs must be adequately supported by invoices, cancelled checks, wire transfers, or other forms of documentation evidencing a disbursement and substantiating that a cost was incurred by the organization during the period of the State award.

Supporting documentation must demonstrate that the cost was incurred as a direct, allocable as direct, or administrative and general (A&G) cost in support of the State award.

The absence of adequate supporting documentation may render a cost unallowable.

(3) Reasonable Costs

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. In determining the reasonableness of a given cost, consideration must be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the State award;

- b. The constraints or requirements imposed by such factors as generally accepted sound business practices, arm's length bargaining, federal or State laws or regulations, or terms and conditions of the State award;
- c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, clients, the public at large, and the State;
- d. Significant deviations from the established practices of the organization that may unjustifiably increase costs to the State award.

(4) Applicable Credits

Applicable credits is defined as receipts or reduction of expenditures that operate to offset or reduce expense items that are allocable to awards as direct, allocable as direct, or A&G costs. Examples of such transactions include, but are not limited to, purchase discounts, rebates or allowances, client payments for participation in State-sponsored programs, recoveries or indemnities on losses, insurance refunds, or adjustments of overpayments or erroneous charges. To the extent that such credits accruing or received by the organization relate to an allowable cost, they must be credited to the State either as a cost reduction or cash refund, as appropriate.

In some instances, the amounts received from the State to finance organizational activities or service operations must be treated as applicable credits. For example, the concept of netting such credit items against related expenditures must be applied by the organization in determining the rates or amounts to be charged to the State award for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by State funds [see Part II, Item 13].

Program income, less adjustments, must be offset against the cost of State-funded expenses, in accordance with the terms and conditions of the State award.

Expenses related to restricted donations must be offset against restricted donation revenues.

B. Cost Allocation Plan

(1) Definition

The purpose of the cost allocation plan (CAP) is to summarize, in writing, the methods and procedures the organization will use to allocate costs to benefiting programs and activities. Only costs that are allowable, in accordance with these cost standards, shall be allocated to the State award. The CAP must include provisions for allocating allocable as direct costs [see Part I, Section C(4)], A&G costs [see Part I, Section D], and salaries and wages [see Part II, Item 8a(3), General section]. The plan must be initially approved by the Board of Directors for inclusion in the organization's official policies and procedures.

Although there are different methodologies available for allocating costs, the methodology used must result in a reasonable and equitable distribution of costs to programs and activities based upon the benefits received. Specific methods for allocating costs are determined by the organization receiving funding from the State. Organizations must have a system in place to equitably allocate costs. All costs and other data used to distribute costs in the CAP must be

supported by accounting and other records that ensure the propriety of costs assigned to the State award. Once an organization establishes an allocation methodology, it must be used consistently over time. The CAP must be retained on file for audit and made available to State agencies, upon request.

(2) Revisions to the Plan

The CAP must be reviewed on an annual basis and updated, as necessary, to reflect any changes in the allocation methodology. Significant changes to the allocation methodology require approval of the Board of Directors. Such changes must result in a more equitable distribution of costs. Justification for changes must be documented and supported by actual cost data.

C. Composition of Total Costs

(1) Definition

The total cost of the State award is the sum of the allowable direct costs, allocable as direct costs, and allocable A&G costs, less any applicable credits.

(2) Classification of Costs

There is no universal rule for classifying certain costs as either direct, allocable as direct, or A&G under every accounting system. Therefore, it is essential that each item of cost be treated consistently in like circumstances as a direct, allocable as direct, or A&G. The guidelines for determining direct, allocable as direct, and A&G costs charged to State awards are provided below.

(3) Direct Costs

Direct costs are those that can be specifically identified with a particular final cost objective (i.e., a particular program or activity) of the organization. Costs identified specifically with State awards are direct costs of the awards and are to be assigned directly thereto. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and must not be assigned to State awards as direct, allocable as direct, or A&G costs.

The costs of certain activities are unallowable as charges to State awards [see Part II, Item 20]. Even though these costs are unallowable for purposes of computing charges to State awards, they must be treated as direct costs and be allocated their share of the organization's A&G costs if they represent activities that (1) include the salaries of personnel, (2) occupy space, or (3) benefit from the organization's A&G costs.

The costs of activities performed primarily as a service to members, clients, or the general public when significant and necessary to the organization's mission must be treated as direct costs whether or not allowable and be allocated an equitable share of A&G costs. Examples of these types of activities include:

- a. Maintenance of membership rolls, subscriptions, publications, or related activities;
- b. Providing services or information to members, legislative or administrative bodies, or the public;

- c. Promotion, lobbying, or public relations;
- d. Meetings or conferences, except those held to conduct the general administration of the organization;
- e. Maintenance, protection, or investment of special funds not used in the operation of the organization;
- f. Administration of group benefits on behalf of members or clients, including life or health insurance, annuity or retirement plans, financial aid, etc.

(4) Allocable as Direct Costs

Allocable as direct costs are joint costs that are allocated directly to two or more programs or activities. A cost is allocable as direct to a particular cost objective, such as a program or activity, in accordance with the relative benefits received. A cost is allocable as direct to a State award if it:

- a. Benefits more than one program or activity and can be distributed in reasonable proportion to the benefits received. For example, the costs of a program manager who oversees both a residential program and a day program are allocable as direct to the two programs;
- b. Is allowable under these cost standards;
- c. Is not specifically incurred for activities in another state.

Organizations must document their allocation methodologies for allocable as direct costs in the CAP [see Part I, Section B]. The CAP must identify each type of allocable as direct cost that allocates costs to the organization's programs and activities. The CAP must document the percentage distribution of each allocable as direct cost to the benefiting programs and activities.

Any cost allocable as direct to a particular award or other cost objective under these principles must not be shifted to other State awards to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the State award.

(5) Administrative & General Costs

A&G costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Because of the diverse characteristics and accounting practices of organizations, it is not possible to specify the types of cost that may be classified as A&G costs in all situations. In addition, there is no universal definition of A&G costs in federal OMB circulars, GAAP, or other cost accounting standards. Therefore, for the purposes of these cost standards, A&G is defined as those costs that have been incurred for the overall executive and administrative offices of the organization or other expenses of a general nature that do not relate solely to any major cost objective of the organization. They are costs that by their nature are administrative in support of the overall organization. This category must also include its allocable share of fringe benefit costs, operation and maintenance expenses, depreciation, and interest costs.

For the purposes of clarification, examples of A&G costs include, but are not limited to, the following:

Office of Policy and Management

- a. Business or office management;
- b. Salaries and other expenses (e.g., payroll, taxes, benefits, travel) of executive directors, administrative personnel, or secretaries for portion of time spent administering the general organization's affairs;
- c. Salaries and other expenses (e.g., payroll, taxes, benefits, travel) of employees whose duties consist primarily of general legal services; personnel administration; budget and planning; finance; accounting, auditing or financial reporting; business services; safety or risk management; management information systems; library; record keeping; filing, mail distribution, or other general services;
- d. Providing executive direction and organization planning;
- e. Attending general board, committee, or staff meetings (unless held in connection with specific programs or fundraising activities);
- f. Annual meeting;
- g. Preparation, publication, or distribution of an annual report;
- h. Proportion of costs of training conferences, workshops, or seminars that deal with administration or general topics;
- i. General legal services;
- j. Personnel administration;
- k. Budget and planning;
- l. Finance;
- m. Accounting, auditing or financial reporting;
- n. Business services (purchasing, accounts payable, etc.);
- o. Safety or risk management;
- p. Management information systems;
- q. Library;
- r. Record keeping;
- s. Filing, mail distribution, or other general services;
- t. In addition to staff expenses, proportional office costs (e.g., building occupancy, telephone, office supplies, equipment).

Any A&G costs to a particular award or other cost objective under these standards must not be shifted to other State awards to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the State award. Amounts not recoverable as A&G under one State award

must not be shifted to another State award, unless specifically authorized by State legislation or regulation.

(6) Hierarchy of Costs

After (1) direct costs have been determined and assigned directly to the State award or other activities as appropriate and (2) allocable as direct costs have been appropriately allocated to the State award or other activities, A&G costs are those remaining to be allocated to benefiting cost objectives. The following examples are provided for clarification:

a. Example of a direct cost:

Costs of Employee A (salary and other expenses) relate 100% to a State-sponsored residential program. Therefore, allocation of costs for Employee A is 100% to the State-sponsored residential program.

b. Example of an allocable as direct cost:

Costs for Employee B (salary and other expenses) relate 50% to a State-sponsored residential program and 50% to a State-sponsored day program. Therefore, allocation of costs for Employee B is 50% to the residential program and 50% to the day program.

c. Example of both allocable as direct cost and A&G cost:

Costs of Employee C (salary and other expenses) relate 40% to a State-sponsored residential program, 30% to a State-sponsored day program, and 30% to A&G duties. Therefore, allocation of costs for Employee C is 40% to the residential program, 30% to the day program, and 30% to A&G.

d. Example of an A&G cost:

Costs of Employee D (salary and other expenses) relate 100% to A&G duties. Therefore, allocation of costs for Employee D is 100% to A&G.

D. Allocation of Administrative & General Costs

(1) Methodology

Specific methods for allocating A&G costs are determined by the organization receiving funding from the State. The methodology utilized by the organization must result in an allocation that is reasonable and equitable based upon the benefits received by the State-funded program and other activities.

The organization must document its allocation methodology for A&G costs in the CAP [see Part I, Section B]. The CAP must identify each type of A&G cost and each A&G cost pool that allocates costs to the organization's programs and activities. The CAP must document the specific method used to allocate each type of cost or specific cost pool.

(2) Administrative & General Cost Pools

The use of cost pools to distribute A&G costs is an allowable method to allocate costs to Statefunded programs. The cost pool methodology must result in an allocation of costs to both Statefunded programs and other activities and must be equitable and reasonable to the benefits received.

Direct costs that are applicable to an organization's programs or activities must not be included in any A&G cost pool that result in a charge to a State-funded program.

PART II. ITEMS OF COST

1. Advertising and Public Relations

a. Definitions

- (1) *Advertising* is defined as public announcements of the organization through the media (including magazines, newspapers, radio or television programs, direct mail, exhibits, or the like) and the corollary administrative costs of such advertising.
- (2) *Public relations* is defined as maintaining, protecting, or enhancing the image of the organization or to improving the public's understanding of the organization.

b. Allowable Costs

- (1) Allowable advertising costs are those required to fulfill the requirements of the State award, including recruitment of personnel, procurement of goods or services, or other specific purposes related to the State award.
- (2) Allowable public relations costs are those required to fulfill the requirements of the State award, including the following:
 - (a) Costs of communicating with the public or press pertaining to specific initiatives or accomplishments that result from performance of the State award (i.e., costs considered necessary as part of the outreach effort for the program);
 - (b) Costs of conducting general liaison with news media or government public relations officers, to the extent that actions are limited to communication or liaison necessary to keep the public informed on matters of public concern, such as notices of contract or grant awards or financial matters or communicating about available services and access to care.

c. Unallowable Costs

Unallowable advertising or public relations costs include the following:

- (1) Costs of meetings or other events not related to the state award

- (2) Costs of memorabilia, models, gifts, or hospitality suites.
- (3) Costs of advertising or public relations designed solely to promote the organization or solely for fundraising purposes.

2. Alcoholic Beverages

a. Definitions

Alcoholic beverages is defined as intoxicating drinks containing alcohol.

b. Allowable Costs

None.

c. Unallowable Costs

Costs of alcoholic beverages are unallowable.

3. Bad Debts

a. Definitions

Bad debts is defined as losses (whether actual or estimated) arising from uncollectible accounts or other claims, related collection costs, or related legal costs.

b. Allowable Costs

None.

c. Unallowable Costs

Bad debts are unallowable.

4. Bonding

a. Definitions

Bonding is defined as assurance required by the State or the organization against financial loss to itself or others by reason of the act or default of the organization. The definition includes bid, performance, payment, advance payment, infringement, or fidelity bonds.

b. Allowable Costs

Bonding costs required by the State or directly related to the terms of the State award are allowable.

c. Unallowable Costs

None.

5. Central Office

a. Definitions

Central office is defined as the place, site, or location that serves as the administrative center of the organization.

b. Allowable Costs

Costs are allowable to the extent that the aggregate amount of central office costs charged to State-funded programs (1) are reasonable, (2) are developed from an allocation methodology comprised of allowable costs, as defined by these cost standards, and (3) are applicable only to the administrative functions of the organization's central office operations.

c. Unallowable Costs

Unallowable costs are those that:

- (1) result in an unreasonable charge to State-funded programs; or
- (2) include unallowable costs as defined in these cost standards; or
- (3) are related to the organization's activities in other states.

6. Client Support

a. Definitions

Client support is defined as travel allowances, recreation expenses, participation incentives (such as movie passes) or other expenses to encourage or enable clients to attend program-related events.

b. Allowable Costs

Client support costs for program-related events are allowed, including the costs for an employee to accompany a client to such a program-related event.

c. Unallowable Costs

None.

7. Communications

a. Definitions

Communications is defined as wire line telecommunication services (e.g., corded or cordless telephones), wireless telecommunication services (e.g., cellular or digital phones, pagers, twoway radios), postage, e-mail services, internet services, web sites, or other electronic communication devices or services.

b. Allowable Costs

Communications costs are allowable.

c. Unallowable Costs

None.

8. Compensation for Personal Services

General

a. Definitions

- (1) Compensation for personal services is defined as all amounts paid currently or accrued by the organization for services of employees rendered during the period of performance of the State award. Such amounts include salaries, wages, and fringe benefits [see Item 8, Fringe Benefits section].
- (2) Reasonableness
 - (a) When the organization is predominantly engaged in activities other than those sponsored by the State, compensation for employees on State-sponsored work shall be considered reasonable to the extent that it is consistent with that paid for similar work in the organization's other activities.
 - (b) When the organization is predominantly engaged in State-sponsored programs and in cases where the kind of employees required for the State-sponsored programs are not found in the organization, compensation for employees on State-sponsored work shall be considered reasonable to the extent that it is comparable to that paid for similar work in the labor markets in which the organization competes for the kind of employees involved.
- (3) Payroll Distribution and Documentation
 - (a) The distribution of salaries and wages must be based on documented payrolls approved by a responsible official(s) of the organization.
 - (b) The organization must develop a cost allocation methodology for salaries and wages based on budgeted, planned, or assigned work activity. The methodology must result in a reasonable and equitable distribution of costs to programs and activities based upon the benefits received. Once established, the methodology must be used consistently over

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time. Organizations must document their cost allocation methodology for salaries and wages in the CAP (see Part 1, section B).

- (c) The payroll distribution system must be included as part of the official records of the organization and encompass both State-sponsored programs and all other activities on an integrated basis. Salary and wage charges may be made initially on the basis of estimates (i.e., the CAP) before the services are performed, provided that such charges are adjusted periodically. Allocations based solely on such estimates do not qualify as support of salaries and wages.
- (d) The payroll distribution system must be kept current. Whenever a change occurs in an employee's work activity, the change must be reflected in the system.
- (e) Distribution of salaries and wages must be supported by personnel activity reports. The reports must document the work of all employees (professional and nonprofessional) whose compensation is charged, in whole or in part, to State awards. The reports must:
 - (i) account for the total amount of work for which employees are compensated; and
 - (ii) be prepared at least monthly and coincide with one or more pay periods; and
 - (iii) be signed by both the employee and a responsible official(s) of the organization.
- (f) Organizations may use electronic timekeeping or payroll systems that include "electronic signatures" (in lieu of someone signing a paper document).
- (g) Organizations must confirm that costs distributed based on the cost allocation plan represent actual costs to the State award and adjust costs accordingly. Cost reports (e.g., quarterly cost reports, interim cost reports, annual cost reports) submitted to State agencies must include these reconciled and adjusted actual costs.

(4) Fair Labor Standards Act (FLSA):

In addition to the supporting documentation described above [see Item 8a(3), General section], charges for the salaries and wages of nonprofessional employees must also be supported by records indicating the total number of hours worked each day and maintained in conformance with U.S. Department of Labor regulations implementing the FLSA (29 CFR Part 516) of 1938, as amended. For this purpose, the term "nonprofessional employee" shall have the same meaning as "nonexempt employee" under FLSA.

(5) Matching:

Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from State awards.

b. Allowable Costs

Except as otherwise specifically provided in this item, the costs of such compensation are allowable to the extent that:

- (1) Total compensation to individual employees is reasonable for the services rendered and conforms to the established written policies of the organization consistently applied to both State-funded programs and non-State activities.
- (2) Charges to State awards are determined and supported as required in this item.
- (3) Certain conditions require special consideration and possible limitations in determining the allowability of costs under State awards where amounts or types of compensation appear unreasonable. Among such conditions are the following:
 - (a) Compensation to members of organizations, trustees, directors, associates, officers, or the immediate families thereof. Determination must be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of surplus funds.
 - (b) Any change in an organization's compensation policy resulting in a substantial increase in the organization's level of compensation.

c. Unallowable Costs

Costs that are unallowable under other items in Part II shall not be allowable under this item solely on the basis that they constitute personal compensation.

Fringe Benefits

a. Definitions

Fringe benefits is defined as:

- (1) regular compensation paid to employees during periods of authorized absences from the job (such as vacation, sick, or military leave);
- (2) employer contributions or expenses for social security, health insurance, retirement plans, workers' compensation, short-term or long-term disability, life insurance, health savings account, training, or tuition reimbursement;
- (3) provisions for a reserve under self-insurance for unemployment compensation, workers' compensation, or health insurance;
- (4) life insurance costs are the costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility.

b. Allowable Costs

- (1) Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job are allowable, provided such costs are in accordance with established written organizational policies and are distributed to all organizational programs and activities in proportion to the relative amount of time or effort actually devoted to each.
- (2) Fringe benefits in the form of employer contributions are allowable in accordance with the provisions of these standards, provided such benefits are granted in accordance with

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established written organizational policies and are distributed to all organizational programs and activities on an equitable basis.

- (3) Costs incurred for a reserve under self-insurance for unemployment, workers' compensation, or health insurance are allowable to the extent that (a) the provisions represent reasonable estimates of the liabilities for such compensation, and (b) the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities that do not become payable for more than one year after the provision is made must not exceed the total projected loss as calculated by an independent third party.
- (4) Life insurance costs are allowable only to the extent that the insurance represents additional compensation for personal services.

c. Unallowable Costs

Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility when the organization is named as beneficiary are unallowable.

Organization – Furnished Automobiles

a. Definitions

Automobiles is defined as passenger cars or other vehicles furnished by the organization to employees to perform their job duties and responsibilities.

b. Allowable Costs

These costs are allowable when necessary for the performance of the State award.

c. Unallowable Costs

The portion of the cost of organization-furnished automobiles that relates to personal use by employees is unallowable, regardless of whether the cost is reported as taxable income to the employees.

Retirement Plan

a. Definitions

Costs of the organization's retirement plan that are incurred in accordance with the established written policies of the organization.

b. Allowable Costs

(1) Retirement plan costs are allowable, provided:

- (a) Such policies meet the test of reasonableness; and
- (b) The methods of cost allocation are equitable for all programs and activities; and

- (c) The cost assigned to each fiscal year is determined in accordance with GAAP; and
 - (d) The costs assigned to a given fiscal year are paid or funded for all plan participants within applicable IRS and Employee Retirement Income Security Act (ERISA) of 1974 (PL 93406) guidelines;
- (2) Retirement plan termination insurance premiums paid pursuant to ERISA are allowable.

c. Unallowable Costs

- (1) Increases to normal or past service retirement costs caused by a delay in funding the actuarial liability beyond contractual or regulatory standards are unallowable.
- (2) Late payment charges on retirement plan termination insurance premiums paid pursuant to ERISA are unallowable.
- (3) Excise taxes on accumulated funding deficiencies, prohibited transactions of pension plan fiduciaries, and other penalties imposed under ERISA are unallowable.

Incentive Compensation and Bonuses

a. Definitions

- (1) *Incentive compensation* is defined as payments to employees based on established written organizational policies (e.g., cost reduction, efficient performance, suggestion awards, safety awards).
- (2) *Bonuses* are defined as one-time ad hoc distributions of surplus funds to employees of the organization.

b. Allowable Costs

Employee incentive compensation costs are allowable when the overall compensation is reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered. Under the policy, criteria for awarding incentives must be specific, objective and measurable, and related specifically to the organization's objectives and goals.

c. Unallowable Costs

Costs of employee bonuses are unallowable.

9. Conferences and Meetings

a. Definitions

Conferences and meetings is defined as conducting, sponsoring, or convening formal gatherings (e.g., forums, panels, roundtables, seminars, symposiums), including those related to the general administration of the organization.

b. Allowable Costs

The costs of conferences and meetings are allowable (including the cost of renting facilities, meals, speakers' fees, or the like).

c. Unallowable Costs

None.

10. Contingency Reserve

a. Definitions

Contingency reserve is defined as funds set aside to pay for possible unforeseen costs of the organization. The definition does not include self-insurance reserves [see Item 8b(3), Fringe Benefits section, and Item 24b(3)]; retirement plan costs [see Item 8, Retirement Plan section]; or reserves for normal severance pay [see Item 48b(2)].

b. Allowable Costs

None.

c. Unallowable Costs

Contributions to a contingency reserve are unallowable.

11. Contributions

a. Definitions

Contributions is defined as a gift of money or its equivalent made by the organization to another organization or person.

b. Allowable Costs

None.

c. Unallowable Costs

Contributions are unallowable.

12. Defense & Prosecution of Criminal & Civil Proceedings, Claims, Appeals & Patent Infringement

a. Definitions

- (1) *Conviction* is defined as a judgment or a conviction of a criminal offense by any court of competent jurisdiction, whether entered upon as a verdict or a plea, including a conviction due to a plea of *nolo contendere*.
- (2) Costs include, but are not limited to, administrative or clerical expenses; the cost of legal services, whether performed by in-house or private counsel; or the costs of the services of accountants, consultants, or others retained by the organization to assist it; costs of employees, officers or trustees, or any similar costs incurred before, during, or after commencement of a judicial or administrative proceeding that bears a direct relationship to the proceedings.
- (3) *Fraud* is defined as:
 - (i) acts of fraud (e.g., intentionally deceiving another person and causing that person to suffer a loss), corruption, or attempts to defraud the State or to corrupt its agents;
 - (ii) acts that constitute a cause for debarment or suspension;
 - (iii) acts that violate the False Claims Act, 31 U.S.C., Sections 3729-3731, or the AntiKickback Act, 41 U.S.C., Sections 51 and 54.
- (4) *Penalty* does not include restitution, reimbursement, or compensatory damages.
- (5) *Proceeding* includes an investigation.

b. Allowable Costs

The following are allowable with prior approval of the awarding agency:

- (1) If a proceeding referred to in Item 12c(1)(b) is commenced by the State and is resolved by consent or compromise pursuant to an agreement entered into by the organization and the State, then the costs incurred by the organization in connection with such proceedings that are otherwise not allowable under Item 12c(1)(b) may be allowed to the extent specifically provided in such agreement.
- (2) If a proceeding referred to in Item 12c(1)(b) is commenced by a local or foreign government, the authorized State official may allow the costs incurred by the organization for such proceedings, if such authorized official determines that the costs were incurred as a result of:
 - (a) a specific term or condition of a State award; or
 - (b) specific written direction of the authorized State official.
- (3) Legal costs incurred by the organization to appeal zoning or health code violations or defend permits are allowable to the extent that they relate to a specific term or condition of the State award.

c. Unallowable Costs

- (1) Except as otherwise described in Item 12b, costs incurred in connection with any criminal, civil, or administrative proceeding (including filing of a false certification) commenced by the federal government, or a state, local or foreign government, are not allowable if the proceeding:
 - (a) Relates to a violation of, or failure to comply with, federal, state, local or foreign statute or regulation by the organization (including its agents or employees), and
 - (b) Results in any of the following dispositions:
 - (i) In a criminal proceeding, a conviction; or
 - (ii) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of organizational liability; or
 - (iii) In the case of any civil or administrative proceeding, the imposition of a monetary or civil penalty; or
 - (iv) A final decision by an appropriate federal or State official to debar or suspend the organization, to rescind or void an award, or to terminate an award for default by reason of a violation or failure to comply with a law or regulation; or
 - (v) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in Item 12c(i) through Item 12c(iv), inclusive.
- (2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings shall be unallowable if any one of them results in one of the dispositions shown in Item 12c(1).
- (3) Costs incurred by the organization in connection with the defense of suits brought by its current or former employees under Section 2 of the Major Fraud Act of 1988 (PL 100-700), including the cost of all relief necessary to make such employee whole, where the organization was found liable or settled, are unallowable.
- (4) Costs of legal, accounting, or consultant services, or related costs, incurred in connection with defense against State claims or appeals, antitrust suits, or the prosecution of claims or appeals against the State are unallowable.
- (5) Costs of legal, accounting, or consultant services, or related costs, incurred in connection with patent infringement litigation, are unallowable, unless otherwise provided for in the State award.
- (6) Costs that are unallowable under this item must be segregated and accounted for by the organization separately. While any proceeding covered by Item 12c(1)(b) is pending, the State shall generally withhold payment of such costs. If in the best interests of the State, the State may make conditional payment to the organization if the organization (1) provides adequate security or other adequate assurance, and (2) agrees to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

13. Depreciation and Use Allowance

a. Definitions

There are two methods for allocating the cost of a capital asset over its estimated useful life:

Depreciation is defined as a noncash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence. When the depreciation method is used for buildings, a building's shell may be segregated from each building component (e.g., plumbing system, heating, air conditioning system) and each item depreciated over its estimated useful life; or the entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life.

Use allowance is a federally defined means for recovering the cost of a capital asset. It sets the amortization rate for buildings at two percent (2 %) of acquisition cost and for equipment at six and two-thirds percent (6 $\frac{2}{3}$ %) of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset without separating its "shell" from other building components.

b. Allowable Costs

Depreciation on buildings, other capital improvements, or equipment on hand is allowable under the following conditions:

- (1) It must be based on the acquisition cost of the assets involved. In order to depreciate an asset, the organization must have incurred a cost when acquiring the asset.
- (2) The period of useful life for each capital asset must take into consideration such factors as type of construction, nature of the equipment used, technological developments, or the renewal and replacement policies followed for the individual items or classes of assets involved. The method of depreciation used to assign the cost of an asset (or group of assets) to accounting periods must reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater or lesser in the early portions of its useful life than in the later portions, the straight-line method shall be presumed to be the appropriate method.
- (3) Depreciation methods (e.g., straight line, declining balance) once used must not be changed without the prior approval of the awarding agency.
- (4) When the depreciation method is applied to assets previously subject to a use allowance, the combination of use allowance and depreciation applicable to such assets must not exceed the total acquisition cost of the assets.
- (5) Charges for depreciation must be supported by adequate property records and physical inventories must be taken periodically to ensure that assets exist and are usable and needed. When the depreciation method is followed, adequate depreciation records indicating the amount of depreciation taken each period must also be maintained.

c. Unallowable Costs

- (1) The computation of depreciation must exclude:
 - (a) The cost of land;
 - (b) Any portion of the cost of buildings or equipment borne by or donated by the State, irrespective of where title was originally vested or where it presently resides;
 - (c) Any portion of the cost of buildings or equipment contributed by or for the organization in satisfaction of a statutory matching requirement;
 - (d) Donated assets;
 - (e) Donated cash restricted for the purpose of purchasing an asset.
- (2) When the depreciation method is used for a particular class of assets, no depreciation shall be allowed on any such assets that under Item 13b would be viewed as fully depreciated.
- (3) Use allowance is unallowable.

14. Donated Goods and Services

a. Definitions

- (1) *Donated goods* is defined as items or merchandise furnished free of charge to the organization (such as expendable personal properties, supplies, or use of space).
- (2) *Donated services* is defined as assistance given free of charge to the organization by professional or technical personnel, consultants, skilled or unskilled labor, or other volunteers.

b. Allowable Costs

None.

c. Unallowable Costs

The value of donated services or goods is unallowable, except with prior approval of the awarding agency.

15. Employee Relocation

a. Definitions

Employee relocation is defined as the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee.

b. Allowable Costs

None.

c. Unallowable Costs

Employee relocation costs are unallowable.

16. Employee Support

a. Definitions

Employee support is defined as promoting the morale, health, or welfare of the organization's employees.

b. Allowable Costs

The costs of in-house publications, health or first-aid clinics or infirmaries, recreation, employee counseling services, or other expenses incurred in accordance with the organization's established practice or custom for improving working conditions, employer-employee relations, employee morale, or employee performance are allowable. Such costs must be equitably apportioned to all activities of the organization. Income generated from any of these activities must be credited to the cost thereof, unless such income is required to be distributed to employee welfare organizations.

c. Unallowable Costs

- (1) The costs of entertainment, diversion, social events, ceremonials, or costs relating thereto (such as meals, lodging, rentals, transportation, or gratuities) are unallowable.
- (2) The cost of membership in any country club, athletic club, social or dining club is unallowable.

17. Equipment

a. Definitions

- (1) *Equipment* is defined as nonexpendable, tangible personal (non-real estate) property with a normal useful life of at least one year. Expenditures for equipment with an acquisition cost of \$5,000 or greater are considered capital expenditures. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the depreciation on the equipment or by amortizing the amount to be written off over a period of years as agreed to by the awarding agency.
- (2) *Acquisition cost* is defined as the net invoice unit price of an item of equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatuses necessary to make the item usable for the purpose for which it is acquired. Ancillary charges (such as taxes, duty, protective in-transit insurance, freight, or installation) must be included in or excluded from acquisition cost in accordance with the organization's written accounting practices.

b. Allowable Costs

Expenditures for equipment with an acquisition cost of less than \$5,000 are allowable.

c. Unallowable Costs

Expenditures for equipment with an acquisition cost of \$5,000 or greater are considered capital expenditures and are unallowable, except with prior approval of the awarding agency [see Item 13 for allowability of depreciation on equipment and Item 43 for allowability of rental costs for equipment].

18. Facility Alterations

a. Definitions

Facility alternations is defined as changes, additions, or modifications of real property that go beyond normal maintenance and that affect or may affect the facility's usability [see Item 39a(1)].

b. Allowable Costs

Facility alteration costs incurred specifically for the State award are allowable.

c. Unallowable Costs

None.

19. Fines and Penalties

a. Definitions

Fines and penalties is defined as a sum imposed as punishment resulting from violations or failure of the organization to comply with federal, State, or local laws or regulations.

b. Allowable Costs

None.

c. Unallowable Costs

Costs of fines or penalties are unallowable, except when incurred as a result of compliance with specific provisions of the State award or specific written instructions from the awarding agency.

20. Fundraising

a. Definitions

Fundraising is defined as the organization's efforts to raise capital or obtain contributions (e.g., cash, non-cash assets, services, time, gifts) through financial campaigns, endowment drives, or other forms of solicitation.

Examples of fundraising costs include, but are not limited to, the proportional salaries and wages of staff members engaged in fundraising; fees for professional fundraisers; recruiting or training volunteer fundraisers; preparation, printing, or distribution of fundraising materials; preparation or maintenance of mailing lists; or participation in federated fundraising campaigns [see Item 1c(1)].

b. Allowable Costs

None.

c. Unallowable Costs

Fundraising costs, as defined in Item 20a, are unallowable.

21. Goods and Services for Personal Use

a. Definitions

Goods for personal use is defined as any commodity, merchandise, or item purchased for the sole benefit of the organization's employee(s).

Services for personal use is defined as any action taken, or any labor or work performed, for the sole benefit of the organization's employee(s).

b. Allowable Costs

None.

c. Unallowable Costs

Costs of goods or services for personal use are unallowable, regardless of whether the cost is reported as taxable income to the employees.

22. Housing and Personal Living Expenses

a. Definitions

(1) *Housing expenses* is defined as money spent to operate a principal residence (including, but not limited to, mortgages, mortgage interest, taxes, insurance premiums, rents, utilities, furnishings, depreciation, maintenance or repairs, or casualty losses);

(2) *Personal living expenses* is defined as money spent to maintain an individual in accordance with his or her customary standard of living (including, but not limited to, food, apparel or apparel services, personal care products or services, or housekeeping supplies).

(3) *Officer* is defined as any current or past president, vice-president, secretary, or treasurer of the organization, or any other individual holding a position of similar responsibility

b. Allowable Costs

c. Unallowable Costs

The costs related to housing or personal living expenses of the organization's officers or employees are unallowable, regardless of whether the costs are reported as taxable income.

23. Idle Facilities and Idle Capacity

a. Definitions

- (1) *Facilities* is defined as land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the organization.
- (2) *Idle capacity* is defined as partially unused facilities that are excess to the organization's current needs.
- (3) *Idle facilities* is defined as completely unused facilities that are excess to the organization's current needs.

b. Allowable Costs

Costs of idle capacity include, but are not limited to, maintenance, repair, housing, rent, or other related costs (such as property taxes, insurance, or depreciation) and are allowable if:

- (1) the capacity is reasonably anticipated to be necessary or was originally reasonable; and
- (2) the capacity is not subject to reduction or elimination by subletting, renting, or sale, in accordance with sound business practices.

c. Unallowable Costs

Costs of idle facilities include, but are not limited to, maintenance, repair, housing, rent, or other related costs (such as property taxes, insurance, or depreciation) are unallowable, except with prior approval of the awarding agency and to the extent that:

- (1) they are necessary to meet fluctuations in workload; or
- (2) they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, program startup or termination, or other causes that could not have been reasonably foreseen. Under these conditions, the costs of idle facilities are allowable for a reasonable period of time, depending upon the initiative taken to use, lease, or dispose of such facilities [see Item 43b(2) and Item 43b(4)].

24. Insurance

a. Definitions

Insurance is defined as:

- (1) protection against potential financial loss that the organization is required to carry; or
- (2) any other such protection that the organization maintains in connection with the general conduct of its operations.

The definition does not include insurance that represents fringe benefits for employees [see Item 8, Fringe Benefits section and Retirement Plan section].

b. Allowable Costs

- (1) Costs of insurance required and maintained pursuant to the State award are allowable, provided that the types and extent of coverage are in accordance with sound business practice and that the rates and premiums are reasonable and typical under the circumstances.
- (2) Costs of other insurance maintained by the organization in connection with the general conduct of its operations are allowable subject to the following limitations:
 - (a) Costs allowed for business interruption or other similar insurance must be limited to exclude coverage of management fees and are allowable to the extent the necessity of such insurance is a reasonable and appropriate cost of the program.
 - (b) Costs of insurance or of any provisions for a reserve covering the risk of loss or damage to State property are allowable only to the extent that the organization is liable for such loss or damage. The insurance policy must name the State as an additional insured party.
- (3) Provisions for a self-insurance reserve are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation and that the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities must not exceed the total projected loss as calculated by an independent third party.
- (4) Medical liability (malpractice) insurance is an allowable cost only to the extent that the program involves human subjects or training of participants in research techniques. Such insurance costs must be assigned to activities based on the risk to the population covered by the insurance.

c. Unallowable Costs

- (1) Costs of insurance with respect to any costs incurred to correct defects in the organization's materials or workmanship are unallowable.
- (2) Actual losses that could have been covered by permissible insurance (through the purchase of insurance or self-insurance) are unallowable unless expressly provided for in the State award, except for:
 - (a) Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice are allowable.
 - (b) Minor losses not covered by insurance, such as spoilage, breakage, or disappearance of supplies, that occur in the ordinary course of operations, are allowable.

25. Interest and Investment Management

a. Definitions

- (1) *Interest* is defined as the charges incurred for:
 - (a) borrowing money to finance or refinance the acquisition or replacement of capital assets (including renovations, alterations, equipment, land, or capital assets acquired through capital leases) used in support of the State award; or
 - (b) a line of credit used to meet requirements of the State award when gaps in State funding occur; or
 - (c) borrowing capital from or the temporary use of endowment funds.
- (2) *Re-acquired assets* is defined as assets previously held by the organization that the organization now again holds, whether through repurchase or refinancing. The definition does not include assets acquired to replace older assets.
- (3) *Investment management* is defined as paying a retainer for investment counsel or employing staff for the sole purpose of enhancing income from investments.

b. Allowable Costs

- (1) Interest, as defined in Item 25a(1)(a), is allowable, provided that:
 - (a) Upon request, a needs justification must be provided to the agency as a prerequisite for the continued allowability of interest on debt and depreciation related to the facility. The needs justification for the acquisition of a facility must include, at a minimum, the following:
 - (i) a statement of purpose and justification for facility acquisition or replacement;
 - (ii) a statement as to why current facilities are not adequate;
 - (iii) a statement of planned future use of the facility;
 - (iv) a description of the financing agreement to be arranged for the facility;
 - (v) a summary of the building contract with estimated cost information, and statement of sources and uses of funds;
 - (vi) a schedule of planned occupancy dates.
 - (b) The actual interest cost claimed is predicated upon interest rates that are no higher than the fair market rate available to the organization from an unrelated (arm's length) third party.

- (c) Investment earnings (including interest income) on bond or loan principal, pending payment of the construction or acquisition costs, are used to offset allowable interest cost. Arbitrage earnings reportable to the Internal Revenue Service (IRS) are not required to be offset against allowable interest costs.
 - (d) Substantial relocation of a program from a facility financed by indebtedness (the cost of which was funded in whole or part through State reimbursements) to another facility prior to the expiration of a period of 20 years requires notice to the State agency. The extent of the relocation, the amount of State participation in the financing, and the depreciation and interest charged to date must be agreed to by the State. A downward adjustment of replacement space charged to future programs may be required.
- (2) Interest costs incurred for a line of credit, as defined in Item 25a(1)(b), are allowable.

c. Unallowable Costs

- (1) Interest costs on borrowed capital from or temporary use of endowment funds, as defined in Item 25a(1)(c), are unallowable.
- (2) Interest costs on debt incurred to finance or refinance reacquired assets, as defined in Item 25a(2), are unallowable.
- (3) Investment costs, as defined in Item 25a(3), are unallowable.

26. Labor Relations

a. Definitions

Labor relations is defined as establishing and maintaining satisfactory interactions or communications between the organization's upper management and the rest of its employees through such means as labor-management committees, employee publications, and the like.

b. Allowable Costs

Labor relations costs are allowable.

c. Unallowable Costs

None.

27. Lobbying

a. Definitions

Lobbying is defined as:

- (1) Attempts to influence the outcomes of any federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

Office of Policy and Management

- (2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other entity established for the purpose of influencing the outcomes of elections;
- (3) Any attempt to influence:
 - (a) the introduction of federal or State legislation; or
 - (b) the enactment or modification of any pending federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity) or through communication with any government official or employee in connection with a decision to sign or veto legislation; or
 - (c) the enactment or modification of any pending federal or State legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign, letter writing, or telephone campaign; or
- (4) Legislative liaison activities (including attendance at legislative sessions or committee hearings, gathering information regarding legislation, or analyzing the effect of legislation) when such activities are carried on in support of or in knowing preparation for an effort to engage in lobbying.

b. Allowable Costs

None.

c. Unallowable Costs

All costs associated with lobbying, as defined in Item 27a, are unallowable.

28. Losses on Other Awards

a. Definitions

Losses is defined as any excess of costs over income on an award.

Other awards is defined as awards other than the State award.

b. Allowable Costs

None.

c. Unallowable Costs

Losses on other awards are unallowable as a cost of the State award.

29. Maintenance and Repair

a. Definitions

Maintenance and repair is defined as:

- (1) necessary preservation, care, or upkeep of buildings or equipment (including State property unless otherwise provided for) that neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition; or
- (2) improvements that add to the permanent value of the buildings or equipment or appreciably prolong their intended life must be treated as capital expenditures [see Item 17 and Item 39].

b. Allowable Costs

Maintenance and repair costs, as defined in Item 29a(1), are allowable.

c. Unallowable Costs

Maintenance and repair costs, as defined in Item 29a(2), are unallowable, except with the prior approval of the awarding agency.

30. Materials and Supplies

a. Definitions

Materials and supplies is defined as commodities, goods, or other consumables obtained from outside suppliers and used in the performance of the State award.

b. Allowable Costs

The costs of materials or supplies are allowable, provided that such costs are charged at their actual prices after deducting all cash discounts, trade discounts, rebates, or allowances received by the organization. Incoming transportation charges may be included as part of the cost.

Withdrawals from general stores or stockrooms must be charged at cost under any recognized method of pricing consistently applied. Due credit must be given for any excess materials or supplies retained or returned to vendor.

c. Unallowable Costs

None.

31. Memberships, Subscriptions, and Professional Activity

a. Definitions

- (1) *Memberships* is defined as the organization's membership in business, technical, trade, or professional organizations;

(2) *Subscriptions* is defined as the organization's subscriptions to business, professional, or technical periodicals;

(3) *Professional activity* is defined as:

(a) attending meetings or conferences, when the primary purpose is the dissemination of technical information (including costs of meals, transportation, rental of facilities, or other items incidental to such meetings or conferences); or

(b) the organization's joining or belonging to any civic or community association located in Connecticut; or

(c) the organization's joining or belonging to any civic or community association located outside Connecticut.

b. Allowable Costs

(1) Membership costs, as defined in Item 31a(1), are allowable.

(2) Subscription costs, as defined in Item 31a(2), are allowable.

(3) Professional activity costs, as defined in Item 31a(3)(a) and Item 31a(3)(b), are allowable.

c. Unallowable Costs

Professional activity costs, as defined in Item 31a(3)(c), are unallowable.

32. Organization Establishment and Reorganization

a. Definitions

Organization establishment and reorganization is defined as expenditures related to the formation or structural change of the organization.

b. Allowable Costs

None.

c. Unallowable Costs

Organization establishment and reorganization costs (such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors, whether or not employees of the organization) are unallowable, except with prior approval of the awarding agency.

33. Overtime

a. Definitions

Overtime is defined as work in excess of the maximum regular hours of work, extra-pay shifts, or multi-shift work in accordance with established, written organizational policies.

b. Allowable Costs

Overtime costs are allowable when:

- (1) Necessary to cope with emergencies, such as those resulting from accidents, natural disasters, or breakdowns of equipment; or
- (2) Necessary to meet employee-to-client staffing ratios; or
- (3) Employees are engaged in A&G functions, such as administration, maintenance, or accounting; or
- (4) The performance of tests, laboratory procedures, or other similar operations is continuous in nature and cannot reasonably be interrupted or otherwise completed; or
- (5) Lower overall cost to the State will result.

c. Unallowable Costs

None.

34. Participant Support

a. Definitions

- (1) *Participant* is defined as a board member, volunteer, or trainee of the organization.
- (2) *Participant support* is defined as stipends or subsistence allowances, travel allowances, recreation expenses, or registration fees paid to or on behalf of participants in connection with meetings, conferences, symposia, or training projects.

b. Allowable Costs

Participant support costs are allowable, if they are related to the State award.

c. Unallowable Costs

None.

35. Pre-award

a. Definitions

Pre-award is defined as the time prior to the effective date of the award, directly pursuant to the negotiation, and in anticipation of the award.

b. Allowable Costs

Costs incurred during pre-award are allowable only if:

- (1) they are necessary to comply with the proposed delivery schedule or term of the award; and
- (2) they would have been allowable if incurred after the date of the award; and
- (3) the organization has the prior approval of the awarding agency to incur such costs.

c. Unallowable Costs

None.

36. Professional and Consultant Services

a. Definitions

Professional and consultant services is defined as paid work performed by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the organization.

b. Allowable Costs

- (1) Costs of professional or consultant services are allowable when reasonable in relation to the services rendered and:
 - (a) the organization is unable to identify a “no cost” source for the desired services; and
 - (b) the organization can establish that the benefits of such a decision clearly justify the associated costs; and
 - (c) the organization’s employees do not have the necessary expertise or are already fully committed to other responsibilities; and
 - (d) the services can be performed more economically by contracting rather than direct employment.
- (2) Retainer fees are allowable when supported by evidence of bona fide services available or rendered and are specified in the State award.

c. Unallowable Costs

None.

37. Profits and Losses on Disposition of Depreciable Property or Other Capital Assets

a. Definitions

Profit is defined as the excess of income over expenses on the sale, retirement, or other disposition of depreciable property or other capital assets.

Loss is defined as the excess of expenses over income on the sale, retirement, or other disposition of depreciable property or other capital assets.

b. Allowable Costs

Profits or losses on the sale, retirement, or other disposition of depreciable property or other capital assets are allowable under the following conditions:

- (1) The profits or losses must be included in the year in which they occur as credits or charges to cost grouping(s) in which the depreciation applicable to such property was included; and
- (2) The amount of the profit or loss to be included as a credit or charge to the appropriate cost grouping(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.

c. Unallowable Costs

Profits or losses on the sale, retirement, or other disposition of depreciable property or other capital assets are unallowable under the following conditions:

- (1) The profit or loss is processed through a depreciation reserve account and is reflected in the depreciation allowable under Item 13; or
- (2) The depreciable property or other capital asset is given in exchange as part of the purchase price of a similar item and the profit or loss is taken into account in determining the depreciation cost basis of the new item; or
- (3) A loss results from the failure to maintain permissible insurance, except as otherwise provided in Item 24c(2).

Profits or losses of any nature arising from the sale or exchange of property other than the property covered in this item must be excluded in computing State award costs.

Profits or losses arising from mass or extraordinary sales, retirements, or other dispositions shall be considered on a case-by-case basis.

38. Publication and Printing

a. Definitions

Publication is defined as the act of issuing or distributing printed (paper) materials to the public or posting the content of these materials on a website.

Printing is defined as the process of producing printed materials for sale or distribution (including the processes of composition, plate-making, press work, or binding).

b. Allowable Costs

Program-related publication or printing costs are allowable.

c. Unallowable Costs

None.

39. Real Property

a. Definitions

(1) *Real property* is defined as land and buildings. Land, in its general usage, includes not only the face of the earth, but everything of a permanent nature over or under it. This includes improvements, structures, or fixtures located thereon, including, but not limited to, prefabricated movable structures (such as Butler-type storage warehouses, Quonset huts, or house trailers with or without undercarriages) or appurtenances thereto.

(2) *Land* is defined as non-expendable, real property whose title is held by the organization. The recorded asset cost may include, in addition to the acquisition price, such ancillary costs as legal and title fees, unpaid taxes assumed, surveying and recording fees, appraisal and negotiation fees, damage payments, site preparation costs (clearing, filling, or leveling), or demolition of unwanted structures. Land is considered a non-exhaustible asset owing to its significantly long expected useful life. Non-exhaustible assets are not to be depreciated [see Item 13].

Note: The cost of land does not include expenditures in connection with land improvements such as paving, fencing, or lighting. These costs are included in a separate asset category “Improvements to Land and Buildings.” Unlike land, these items have finite lives.

(3) *Buildings* is defined as all real estate, excluding land, that is used for shelter, dwelling, or other similar organizational purposes. The State definition of a *building* is “a relatively permanent structure to house persons or property.” The recorded asset cost may include the purchase or construction cost, professional fees for architects, attorneys, appraisers, or financial advisors, or any other expenditures necessary to put a building or structure into its intended state of operation.

(4) *Improvements to real property* is defined as all improvements to land or buildings, except non-depreciable improvements to land parcels (such as grading or filling). Included within this category are organization-maintained infrastructures (such as roads, bridges, curbs, surface gutters, streets, sidewalks, drainage systems, parking lots, lighting systems, or similar assets) that, while not identifiable to any particular structure, have a quantifiable value to the organization.

The main criteria for capitalization of building improvements are that the expenditures significantly extend the useful life or enhance the value of the individual building. Expenditures not meeting these criteria must be expensed.

b. Allowable Costs

None.

c. Unallowable Costs

- (1) Capital expenditures for land or buildings are unallowable, except with the prior approval of the awarding agency.
- (2) Capital expenditures for improvements to land or buildings that materially increase their value or useful life are unallowable, except with the prior approval of the awarding agency [see Item 13 for allowability of depreciation on buildings and capital improvements and Item 43 for allowability of rental costs for land and buildings].

40. Reconversion

a. Definitions

Reconversion is defined as costs incurred in the restoration or rehabilitation of the organization's facilities to approximately the same condition existing immediately prior to commencement of State awards, fair wear and tear excepted.

b. Allowable Costs

Reconversion costs are allowable.

c. Unallowable Costs

None.

41. Recruiting

a. Definitions

Recruiting is defined as "help wanted" advertising, employment office operations, or travel for employees while engaged in recruiting personnel. The size of staff recruited and maintained must be in keeping with workload requirements.

b. Allowable Costs

- (1) Recruiting costs, as defined in Item 41a, are allowable.
- (2) When the organization uses employment agencies, costs that are not in excess of standard commercial rates for such services are allowable.

c. Unallowable Costs

- (1) Travel costs of applicants for interviews for prospective employment are unallowable.
- (2) Relocation costs incurred incident to recruitment of new employees are unallowable.
- (3) Costs of special emoluments, fringe benefits, or salary allowances incurred to attract professional personnel from other organizations are unallowable.

42. Related Party Transactions

a. Definitions

Related party (or less than arm's length) transactions is defined as transactions with persons or organizations related through marriage, ability to control, ownership, family, or business association. Past exercise of influence or control need not be shown, only the potential or ability to directly or indirectly exercise influence or control [see Item 43a(2)].

Note: Findings of relatedness may be made in the absence of majority stock ownership of the related party in the organization. The determination of a related party transaction applies to any transaction between an organization and a related party (including, but not limited to, one-time or multiple transactions involving services or supplies, or one-time sales or lease of the facility itself).

b. Allowable Costs

Costs of related party transactions are allowable under the following conditions:

- (1) costs are limited to the actual costs of the goods or services provided; and
- (2) the actual costs are applicable, appropriate, and necessary to the transaction; and
- (3) the actual costs do not exceed what a prudent person in a non-related party transaction would incur under the circumstances prevailing at the time the costs were incurred;
- (4) the decision-making process for selecting the related party is fully documented.

c. Unallowable Costs

Costs of (1) mark-ups, (2) profits, or (3) rates of return included in related party transactions are unallowable.

43. Rental

a. Definitions

(1) *Fair market rate* is defined as the rate determined to be reasonable in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased.

(2) *Less than arm's length lease* is defined as a lease under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between:

- (i) divisions of the organization; or
- (ii) organizations under common control through common officers, directors, or members; or

- (iii) the organization and a director, trustee, officer, or key employee of the organization or his / her immediate family either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.
- (3) *Capital lease* is defined as a non-cancelable contract wherein (1) a tenant makes payments to lessor in return for use of an asset for a specified term, and (2) the lessor transfers ownership to the tenant at the end of the lease term. A capital lease is a direct substitute for the purchase of the asset with borrowed money and transfers substantially all the benefits and risks inherent in the ownership of the property to the lessee. A capital lease is distinct from an operating lease or rental arrangement.

b. Allowable Costs

- (1) Rental costs are allowable if they represent fair market rate.
- (2) Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the organization continued to own the property.
- (3) Rental costs under less than arm's length leases are allowable only up to the amount that would be allowed had title to the property been vested in the organization.
- (4) Rental costs under leases, which are required to be treated as capital leases under GAAP, are allowable only up to the amount that would be allowed had the organization purchased the property on the date the lease agreement was executed (i.e., to the amount that minimally would pay for depreciation, maintenance, taxes, and insurance). Interest costs related to capitalized leases are allowable to the extent they meet criteria in Item 25b(1).

c. Unallowable Costs

Unallowable costs include amounts paid for profit, management fees, or taxes that would not have been incurred had the organization purchased the facility.

44. Return on Investment and Profit Margins

a. Definitions

Return on investment is defined as revenues generated by charging a State agency for the use of the organization's assets in the performance of an award.

Profit margin is defined as the amount by which an organization's (combined) revenues exceeds its (combined) expenses, expressed as a percentage.

b. Allowable Costs

None.

c. Unallowable Costs

Costs of return on investment are unallowable.

Profits margins taken or obtained from a State award are unallowable.

45. Royalties and Amortization Costs for Use of Patents and Copyrights

a. Definitions

Royalties is defined as payments to the holders of a patent or copyright for the right to use their property.

Amortization is defined as reducing a debt through installments payments of principal and earned interest over a definite period of time. The debt referenced here is the cost of acquiring by purchase a copyright, patent, or rights thereto.

b. Allowable Costs

- (1) Royalties and amortization costs that are reasonable and necessary for the proper performance of the award are allowable.

Note: Special care should be exercised in determining the allowability of royalties when they are the result of less than arm's length bargaining, such as (a) royalties paid to persons, including corporations, affiliated with the organization; (b) royalties paid to unaffiliated parties, including corporations, under an agreement entered into in anticipation that a federal or State award would be made; and (c) royalties paid under an agreement entered into after an award is made to the organization.

- (2) In any case involving a patent or copyright formerly owned by the organization, the amount of royalty allowed must not exceed the cost that would have been allowed had the organization retained title thereto.

c. Unallowable Costs

- (1) Royalties and amortization costs are unallowable when:
 - (a) the federal or State government has a license or the right to free use of the patent or copyright; or
 - (b) the patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid; or
 - (c) the patent or copyright is considered to be unenforceable; or
 - (d) the patent or copyright is expired.

46. Security

a. Definitions

Security is defined as the precautionary measures taken by the organization to guard or protect its clients, employees, or property against crime or other dangers.

b. Allowable Costs

Security costs (including wages, uniforms, or equipment of personnel) are allowable.

c. Unallowable Costs

None.

47. Selling and Marketing

a. Definitions

Selling is defined as offering the products or services of the organization in an open market in exchange for an agreed sum of money.

Marketing is defined as the techniques used to attract and persuade consumers to purchase the organization's products or services.

b. Allowable Costs

None.

c. Unallowable Costs

The costs of selling and marketing are unallowable, except when related to certain State-funded business enterprise programs (such as those funded by the State Board of Education and Services for the Blind).

48. Severance Pay

a. Definitions

Severance pay, also commonly referred to as *dismissal wages*, is defined as a payment in addition to regular salary or wages by the organization to a worker whose employment is being terminated.

b. Allowable Costs

(1) Costs of severance pay are allowable only to the extent that (a) in each case it is required by law, contract, bargaining unit agreement, or written policy, and (b) the severance pay is reasonable. Where not required by law, contract, bargaining unit agreement, or written policy, severance pay that is *reasonable* is defined as an amount not to exceed the equivalent of one week of pay per year of service of the terminated employee. Any severance pay in excess of the foregoing reasonableness standard shall only be allowable upon prior approval of the awarding agency.

(2) Where the organization provides for a reserve for normal severances, such method may be acceptable if:

(a) the charge to current operations is reasonable in light of payments actually made for normal severances over a representative past period; and

- (b) the amounts charged are reasonable and equitable allocations based on the benefits received.

c. Unallowable Costs

Costs incurred in certain severance pay packages (commonly referred to as a “golden parachute” payment) that are in an amount in excess of the normal severance pay paid by the organization to an employee upon termination of employment and are paid to the employee contingent upon a change in management control over, or ownership of, the organization’s assets are unallowable.

49. Taxes

a. Definitions

- (1) *Taxes* is defined as payments the organization is required to make that are paid or accrued in accordance with GAAP.
- (2) In lieu of taxes, payments commensurate with services received may be made to local governments.

b. Allowable Costs

- (1) Taxes are allowable.
- (2) Payments made to local governments in lieu of taxes are allowable.
- (3) Payments made to local governments when a tax exemption is not granted by the local government are allowable.
- (4) Where it is not reasonable or practical for the organization to enforce an exemption from taxes for client-related needs (e.g., fast food restaurants, recreational costs), the tax payments are allowable costs.
- (5) Any refund of taxes or any payment to the organization of interest thereon that was allowed as State award costs must be credited either as a cost reduction or cash refund, as appropriate, to the State award.

c. Unallowable Costs

- (1) Taxes paid when an exemption is available directly or indirectly to the organization are unallowable.
- (2) Special assessments on land that represent capital improvements are unallowable.
- (3) State or federal income taxes are unallowable.

50. Termination

a. Definitions

Termination is defined as the cancellation or discontinuance of the award at any time prior to the award's end date.

b. Allowable Costs

None.

c. Unallowable Costs

Termination costs are unallowable, except under the following conditions:

- (1) the awarding agency specifically agrees to fund such termination costs, including any costs that would not have arisen had the award not been terminated; and
- (2) the organization and awarding agency enter into a written agreement concerning such termination costs prior to the organization's incurring them; and
- (3) the termination costs are related to the orderly transfer or continuation of client services or other anticipated settlement expenses.

51. Training and Education

a. Definitions

- (1) *Training* is defined as the preparation or provision of instruction, including, but not limited to, on-the job, classroom, or apprenticeship training designed to develop or improve employee job-related skills.
- (2) *Continuing education* is defined as training or classes that are essential and necessary to maintain licenses or certification for employment.
- (3) *Education* is defined as classes that are taken at an undergraduate or graduate level and are directly related to the field in which the employee is now working or may reasonably be expected to work.

b. Allowable Costs

- (1) Costs of training directly related to the State award are allowable, including:
 - (a) training materials, textbooks, salaries or wages of trainees (excluding resulting overtime compensation); or
 - (b) the salaries of the director of training and staff when the training program is conducted by the organization; or
 - (c) tuition and fees when the training is in an institution not operated by the organization.
- (2) Costs of continuing education directly related to the State award are allowable.

(3) Costs of education directly related to the State award are allowable.

c. Unallowable Costs

(1) Contributions or donations to educational or training institutions (including, but not limited to, the donation of facilities or other properties, or scholarships or fellowships) are unallowable.

(2) Employee compensation (i.e., salaries or wages) for time spent attending education classes is unallowable.

52. Transportation

a. Definitions

Transportation is defined as the transfer or conveyance of goods from one place to another by air, rail, sea, or road.

b. Allowable Costs

Transportation costs are allowable (including freight, express, cartage, or postage charges relating either to goods purchased, in process, or delivered).

c. Unallowable Costs

None.

53. Travel

a. Definitions

Domestic travel is defined as transportation, lodging, food, or related items connected with trips taken within the continental United States by employees who are on official business of the organization.

Foreign travel is defined as transportation, lodging, food, or related items connected with trips taken outside the continental United States by employees who are on official business of the organization.

b. Allowable Costs

(1) Domestic travel costs are allowable when directly related to the State award. Such costs must be charged on an actual basis, on a per diem basis, or on mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used results in charges consistent with those normally allowed by the organization in its regular operations. Mileage basis must not exceed the mileage allowance allowed by the IRS.

(2) Costs of airplane tickets are allowable provided the organization utilizes the most economical and available seating.

(3) Foreign travel costs are allowable only with prior approval of the awarding agency.

c. Unallowable Costs

None.

54. Trustee Support

a. Definitions

Trustee is defined as a member of the organization's governing board (of directors).

Support is defined as resources, reimbursements, or other forms assistance (including, but not limited to, transportation, lodging, or food) provided to trustees in their official capacity.

b. Allowable Costs

Costs are allowable, subject to restrictions of Item 53.

c. Unallowable Costs

None.

GLOSSARY OF TERMS

- *activity* – the non-State-sponsored work of an organization
- *administrative & general (A&G) costs* – costs incurred for common or joint objectives and not readily identified with a particular final cost objective
- *agency* – an executive branch agency of the State of Connecticut
- *allocable as direct costs* – joint costs allocated directly to two or more programs or activities in accordance with the relative benefits received
- *client* – an individual receiving services under the State award
- *cost allocation plan* – formal documentation of the methods and procedures an organization uses to allocate costs to benefiting programs and activities
- *direct costs* – costs identified specifically with a particular final cost objective (i.e., a particular program or service) of an organization
- *organization* – a non-State entity that is a recipient of award funds from the State of Connecticut
- *participant* – a board member, volunteer or trainee of the organization
- *prior approval* – the written permission, given in advance by the awarding agency to the organization, to incur costs for certain items of cost, as identified by these cost standards
- *program* – the State-sponsored work of an organization
- *State award* – a fully executed POS contract, grant, cooperative agreement, cost reimbursement contract, or other contract for the purchase of health or human services between the State and an organization

sub-recipient – a non-State entity which receives funds from a State award by means of a pass-through from an organization and which is accountable to the organization for the use of those funds

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Part I. SCOPE OF SERVICES, CONTRACT PERFORMANCE, BUDGET, REPORTS, PROGRAM-SPECIFIC AND AGENCY-SPECIFIC SECTIONS

The Contractor shall provide the following specific services for the Tobacco Cessation Program(s) and shall comply with the terms and conditions set forth in this Contract as required by the Agency, including but not limited to the requirements and measurements for scope of services, Contract performance, quality assurance, reports, terms of payment and budget. No sections in this Part I shall be interpreted to negate, supersede or contradict any section of Part II. In the event of any such inconsistency between Part I and Part II, the sections of Part II shall control.

SECTION A
subsection A.1
 11/06/2008

GENERAL TERMS AND CONDITIONS

- 1) The Contractor shall provide services for a **Tobacco Program** described in detail, as follows. Such services shall be provided in accordance with the requirements of this **subsection A.1** and program specific **subsection(s) A.2** below.
- 2) **Reports and Report Schedule**
 - a) The Contractor shall submit to the Department periodic program, statistical, fiscal, expenditure and monthly invoice for the prior month, as applicable, in the format(s) provided by the Department, in accordance with the following schedule:
 - b) The contractor shall prepare and submit to the Department the following written reports that must include the indicated data collected utilizing the Minimum Data Set specifications as established by the North American Quitline Consortium, in addition to the data as described in Activity B, by the due date(s) indicated in the Deliverables Table under Subsection A.2, 2b.i.

Monthly Reporting
Due by the 15 th of each month following the month of service.
Data Fields & Reports
<ul style="list-style-type: none"> 1. Total incoming calls 2. Live response rate 3. Average speed of answering call 4. Number of messages left 5. Number of callers registered for services by type (tobacco user, proxy, provider) 6. Number of other calls (calls not resulting in registered client: general public/info, hang up, prank, wrong number, transfer to commercial accounts, etc.) 7. Tobacco users by stage of readiness to quit 8. Tobacco users by type of tobacco 9. Pregnancy status (Yes/No) 10. Demographic reports of Tobacco users - e.g. by race, ethnicity, gender, age, education, sexual orientation, mental health status, chronic disease and primary language 11. How heard about the Quitline, including by town & zip code 12. Enrollment by region 13. Caller type by region 14. Callers by health plan 15. Number of referrals by type and source (e.g. provider fax referral, electronic referral) 16. An Agency that provided original referral 17. Number of callers who were provided access to online instructions and number of callers using online coaching

18. Number of callers who receive NRT, NRT combination or medication by type of NRT or medication, Insurance status and demographics
19. Number of community program participants referred to contractor for NRT via referral by type of NRT, demographics, participation in multiple-call program and insurance status
20. Services provided on a monthly basis:
 - a. Single call intervention: registered, completed, attempt letter, materials only
 - b. Multiple Call intervention: registered completed Call One, Call Two, Call Three, Call Four, Call Five, attempt letter, "ad hoc" call
23. Performance Dashboard Report
24. Pregnancy program demographic and services report
25. Youth Support Program Demographic and Services report, to include How Heard About and Referrals to Tobacco Cessation Resources reports
26. Budget tracking report
27. Tobacco users by Income
28. Number of online registrations
29. Race and Ethnicity Report
30. Number of Medicaid callers by type of call
31. Medicaid Detailed Activity Report
32. Number of callers by type(s) and amount of NRT shipped and their insurance plan
33. Texting Activity Report, including number of enrollments into the texting program, total number of messages sent to participants, average number of messages sent per participant, number of replies to messages by participants and number of participants who sent in a reply
34. Caller's knowledge of the Centers for Disease Control and Prevention and state media campaigns
35. Raw data of all calls via data extract

- c) The Contractor shall provide separate expenditure reports for each budgeted program, funding source, or site separately identified on the Budget(s) included in **Section B** of this **Part I**.
- d) The Contractor certifies, by submission of any financial report, that the financial report has been reviewed for accuracy and that the expenditures shown are consistent with the terms and conditions set forth in the Department of Public Health's contract as identified herein.
- e) The Contractor's last programmatic and financial reports for each Contract Funding Period shall be **cumulative** for the entire Contract Funding Period (hereinafter **Final Reports**) and due no later than sixty (60) days after the completion of all scheduled work or the end of the Contract period.

The financial Final Report submission for the Contract Funding Period shall include reports of the subcontractor(s) including award amounts, and subcontractor(s) respective expenditures.

The financial Final Reports of the Contractor and subcontractors, for the Contract Funding Period, shall not include any unpaid obligations.

3) Budget and Funding

- a) The Contractor shall adhere to and expend funds in accordance with the Budget(s) included in Section B of this Part I.
- b) The Contractor agrees that any expenditures that exceed a budget line item by more than 20% must be approved in writing by the Department. In addition, the Contractor shall obtain prior written approval from the Department before reallocating any funds budgeted for one program or site to another program or site within a single budget.
- c) If Section B of this Part I includes more than one budget, the Contractor shall not commingle the funds provided by the Department for one budget within those provided for any other budget.
- d) Funds for this Contract are provided from the following sources:

e) This Contract includes Federal Financial Assistance, and therefore such funds shall be subject to the Federal Office of Management and Budget Cost Principles (OMB Circulars A21, A87 or A122, as applicable).

4) Payments and Payment Schedule; Under-expenditures, Surplus or Excess Payments and Refunds

The total aggregate amount of payment made under this Contract shall not exceed \$.

5) Payment and Payment Schedule

- a) Payment shall be made according to the Department’s receipt and approval of satisfactorily and timely completed deliverables and reports, and the Department’s approval of properly executed invoices submitted by the Contractor.
- b) Payment shall be made in the arrears according to services rendered in the prior month, upon the receipt and approval by DPH of satisfactorily completed deliverables and services, and the receipt and approval by the Department of the reports from the current contract year, required pursuant to Section d below, and monthly invoice statement. Monthly Invoice Statements provided by the Contractor shall include detailed services provided and their unit and total price.
- c) Services provided under this Agreement shall be billed by the Contractor to the Department based on the following unit pricing:

(Table included with pricing for all services)

The Department shall notify the Contractor in writing if the Contractor’s deliverables or reports are not approved, clearly stating the reason(s) the approval is being withheld and specifying what the Contractor must provide, consistent with the terms of this Contract, to obtain payment.

d) Reimbursement

If any payment under this Contract includes reimbursement of direct expenses, such payments made by the Department shall be processed only upon receipt and approval by the Department of invoices and related documentation, as required and requested by the Department under this Contract.

e) Under-expenditures

When the Department’s review of any financial report or on-site examination of a Contractor’s financial records indicates that under-expenditure(s) are likely to occur by the end of a Contract year, the Department may alter the payment amounts for the balance of the Contract year after giving 30 days written notice to the Contractor.

f) Payment Reduction

In addition to applicable provision of **Part II, Section D** of this Contract, the Department reserves the right to reduce payments and withhold funding for any program or site in a Contract for which the Contractor:

- i) has not submitted or completed required deliverables, or
- ii) has not submitted required reports or audits, or
- iii) has submitted reports that have not received Department approval, or
- iv) has submitted reports that do not support the need for full payment.

The Department shall give the Contractor written notice of any payments that are reduced or withheld under this provision.

g) Surplus or Excess Payments; Refund

- i) The Contractor shall, upon demand by the Department at the end of each Funding Period of the Contract, remit in full to the Department any:
 - 1) funds paid in excess of allowable budgeted costs and/or
 - 2) unexpended funds.
- ii) not carry funds paid in excess of allowable budgeted costs forward into the following Funding Period or Contract unless requested of, and authorized by, the Department.
- iii) be liable for any Department program or financial audit exceptions and shall return to the Department all funds that have been disallowed upon review of such audit by the Department, or as provided under the provisions of this Contract, within the time specified by the Department in the written notice the Department shall provide to the Contractor regarding such refund.

6) Travel

For travel, meal and similar expenses allowed by this Contract, the Contractor shall comply with the provisions of Travel Reimbursement Policy for the State of Connecticut, as such policy may be updated or amended periodically, and as found in the following references:

- a) <http://das.ct.gov/fp1.aspx?page=170>, and
- b) <http://www.osc.ct.gov/manuals/TravelProc/Travel-Reimbur-Chart-May-2012.xls>

If the Contractor does not have access to the Internet for the purpose of accessing this information, DPH shall provide hard copies of such documents to the Contractor upon request.

7) Software, Computer Equipment & Programs

The Contractor shall be responsible for:

- a) all maintenance activities, including repair costs, related to all computer equipment acquired with funds from this Contract, including but not limited to desktop computers and computer servers,
- b) all development, maintenance and operating procedures necessary for any computer network established by the Contractor utilizing computer equipment acquired with funds from this Contract, including but not limited to network development, routine backup procedures and off-site storage activities, and
- c) all maintenance, operating procedures, compliance with licensing and copyright obligations, and support for any software acquired with funds provided by this Contract.

8) Mergers and Acquisitions

In addition to the applicable provisions of **Part II, Section D** of this Contract, the following shall also apply:

- a) In addition to notifying the Department of fundamental changes listed in **Part II, Section D** of this Contract, the Contractor must notify the Department of changes in key personnel, i.e. Chief Executive Officer, program directors of Department-funded programs, and officers and members of the Contractor's Board of Directors,
- b) In addition to the requirements of **Part II, Section D** of this Contract, the Department's determination shall also include whether the Department shall:
 - i) approve of the changes and contract with the entity which results from the proposed changes, or
 - ii) terminate the Contract under applicable provisions of this Contract.

9) Cultural Competence

The Contractor shall deliver culturally competent services. Culturally competent services encompass a set of behaviors, skills, attitudes and policies that promote awareness, acceptance, and respect for differences among people by developing a flexible service delivery that can be easily adapted to meet the evolving and/or emerging needs of diverse populations. This may include but is not limited to the following:

- a) a program or institutional mission or goal statement that explicitly incorporates a commitment to cultural diversity,
- b) policies and procedures for the provision of interpreter/translator services.
- c) readily available bilingual staff who can communicate directly with clients in their preferred language, and who are assessed for their ability to convey information accurately in both languages,
- d) the development of non-English client-related materials that are appropriate for the population served by the program,
- e) signage (in commonly encountered languages) that provides notices and directions to services within the facility,
- f) policies and procedures to address the needs of the patient population, taking into account factors such as race and ethnicity, age, gender, hearing impairment, visual impairment, physical disability, mental illness, developmental disability, and sexual orientation,
- g) strategies in place to actively recruit and retain a culturally diverse staff (e.g., if the patient population is mainly from minority populations, applicants who are of related minority groups with equivalent clinical expertise as the majority applicants could be assigned more value on the cultural competency scale),
- h) institutional policies and procedures to accommodate the ethnic and cultural practices of patients, families, and staff,
- i) an organized way to collect data on the ethnic and cultural characteristics of patients and families served by the program, and
- j) surveys and other methods of assessing the satisfaction of patients and their families related to cultural diversity.

10) Respect and Dignity

- a) The Contractor shall provide services under this Contract in a manner which respects the dignity of each service recipient, which may include but not be limited to provision or accommodation of the following:
 - i) adequate waiting areas for service recipients, including sufficient seating,
 - ii) adequate staff for the timely provision of contracted services,
 - iii) adequate facilities and arrangements for the proper delivery of contracted services to service recipients,
 - iv) training Contractor's staff to comply with all applicable state and federal statutes and regulations regarding non-discrimination, and
 - v) customer service that is responsive, positive and respectful
- b) If the Department deems it necessary for the Program or services conducted by the Contractor under this Contract, DPH may monitor service delivery to determine Contractor's compliance under this Section.

11) Client Satisfaction

The Contractor shall establish and maintain an effective process:

- a) for service recipients to make complaints or raise concerns about services they have received under this Contract which were provided to them by the Contractor,
- b) to address and resolve such complaints or concerns, and
- c) which includes collaboration by the Contractor with Department representatives to discuss steps to achieve service recipient satisfaction with services rendered under this Contract.

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Subsection A.2

1. Definition of Terms:

For the purpose of this contract, the following definitions shall apply:

- a. “Basic Services” are those to be provided by the Quitline on a month-to-month basis, such as providing cessation counseling, answering caller questions and making referrals. Basic services are distinct from “enhanced services” which are defined below.
- b. “CEU” stands for Continuing Education Unit, and is used as a measure for continuing education programs attended by health provider and Quitline staff.
- c. “CME Accreditation”: is defined as the process to secure Continuing Medical Education Credits for participants of the online training.
- d. “Call Abandonment” is defined as when callers terminate a call prior to the call being answered by contractor’s staff.
- e. “Call Scripts” are written protocols to be followed when answering calls, including, but not limited to, questions to ask callers, responses to caller questions and Program instructions.
- f. “Completed Call” is defined as a call where the cessation coach, is able to discuss tobacco use with the Quitline caller to help them to develop or maintain their quit plan.
- g. “Call Capacity” means the contractor’s ability to meet call volume demand according to the following criteria:
 - i. receive and handle at least 250 calls per month;
 - ii. answer 85% of inbound calls within 30 seconds during “normal business hours” as defined below;
 - iii. maintain a rate of “call abandonment” (as defined above) of less than 5% of total calls received and handled; and
 - iv. return 95% of voice mail received within one (1) business day and return the remaining 5% of voice mail received within two (2) business days.
- h. “Electronic Referral”- refers to an electronic form that allows health care providers to send, via the Internet, patient information and patient consent to the Quitline for referral to tobacco cessation counseling.
- i. “Enhanced Services” are defined as
 - i. requiring pre-approval by DPH prior to implementation, due to possible funding constraints, and
 - ii. include:
 - 1) the provision of nicotine replacement therapy and prescription pharmacotherapy,
 - 2) development of marketing campaign materials

2. Summary of Services:

The contractor shall provide a tobacco use reduction/cessation treatment program by providing a telephone-based Tobacco Use Cessation Quitline (hereinafter the Quitline) that includes the following services. The contractor shall conduct the activities and/or services related to the Quitline throughout the term of the contract, including, but not limited to, designing, coordinating, facilitating, implementing, and marketing Quitline services in collaboration with and conditional upon the approval of the Department.

3. Deliverables:

The Contractor shall conduct the following activities, and submit to the Department the satisfactorily completed deliverables and reports stated below, by the corresponding due dates shown:

- a. The contractor shall provide the following deliverables by the due date indicated. Deliverables are divided into two categories – Basic and Enhanced.
- b. Basic is for ongoing services to be provided on a month-to-month basis.
- c. Enhanced is for services that must be pre-approved by DPH before the service is provided due to possible budget restrictions.

a. BASIC SERVICES:

Activities	Deliverables	Due Date
<p>A. Establish statewide Connecticut Quitline Services, by:</p> <ul style="list-style-type: none"> 1. review (company) organizational structure as it pertains to the Connecticut Quitline operations; 2. provide a description of the management and organizational structure of the Quitline; 3. develop Connecticut-specific written call scripts for tobacco use cessation treatment specialists to use when answering calls; 4. develop and update as needed the Connecticut branded Quitline Kit 	<ul style="list-style-type: none"> 1) Provide chart of organizational structure to the Department for review. 2) Provide Connecticut-specific call scripts to the Department for review and approval prior to implementation. 3) Provide Connecticut branded Quitline Kit materials and updates to the Department for approval prior to distribution. 	<ul style="list-style-type: none"> 2 weeks after execution of contract 2 weeks after execution of contract 2 weeks after execution of contract and 2 weeks prior to each update
<p>B. Review required data elements that are collected from all participants, including the definition of those elements, with the Department and obtain final approval on reporting format. In collaboration with the Department:</p> <ul style="list-style-type: none"> 1. Determine data elements required to be collected from all participants, including the definition of each such element, in 	<ul style="list-style-type: none"> 1) Submit the data elements to be collected from all participants, the definitions, and a sample of the reporting format to be used to the Department for review and approval prior to implementation. 2) Submit data to DPH 	<ul style="list-style-type: none"> Upon execution of contract Per reporting schedule

Activities	Deliverables	Due Date
<p>order to comply with all Minimum Data Set elements as established by the North American Quitline Consortium (see http://www.naquitline.org/) as may be updated or revised from time to time;</p> <p>A) Connecticut Quitline services must comply with all Minimum Data Set elements.</p> <p>2. The Contractor shall collect and report data as outlined in section A subsection A.1 – General Terms and Conditions 2) b) Reports and Report Schedule</p>		
<p>C. Provide daily Connecticut Quitline service operation by implementing telephone call center services which address and meet each of the following required conditions and criteria</p>	<ol style="list-style-type: none"> 1) Telephone call center is implemented. 2) Provide elements of the community referral database to the Department. 3) Provide protocols for responding to callers by the tobacco use cessation treatment specialists to the Department. 4) Submit evidence of services being provided in multiple languages. 	<p>Upon execution of contract</p> <p>4 weeks after contract execution</p> <p>2 weeks after contract execution</p> <p>2 weeks after contract execution</p>
<p>D. Maintain and operate a data system that has the capacity to collect, store, report, and update all elements in the Minimum Data Set for Quitlines as outlined by the North American Quitline Consortium, www.naquitline.org., as follows.</p> <p>The contractor shall:</p> <ol style="list-style-type: none"> 1. monitor, collect and record all data elements included in the Minimum Data Set, in addition to the data elements described in Activity B; 2. track and report on all callers to the Quitline; 3. report these data elements as identified in the “Reporting Table” listed in the Reporting Requirements and according to the Reporting Schedule, as both are provided in Section A subsection A.1.2 of this contract. 	<ol style="list-style-type: none"> 1) Submit written data element reports to the Department 	<p>See “Reporting Table” above in section A subsection A.1.2</p>

Activities	Deliverables	Due Date
E. Develop and submit written ad hoc reports as directed and requested by the Department.	1) Submit written ad hoc reports to the Department, as the Department directs and requests.	As requested by the Department
F. Conduct a self-evaluation of the CT Quitline services. 1. The contractor shall review and analyze CT Quitline services, protocols, administration, staff training and service delivery and describe success, challenges and recommendations for improvement.	1) Submit written self-evaluation report to the Department	April 1 of each contract year.

b. ENHANCED SERVICES:

In addition, the contractor shall provide the following *enhanced services* conditional upon Department approval and upon notification by the Department (provided by formal amendment to this contract) that funding is available for the following enhanced services.

Activities	Deliverables	Due Date
Provide registered participants who enroll into the multiple call program with Nicotine Replacement Therapy (NRT) when this specific <i>Enhanced Service Activity B</i> has been approved by the Department. The NRT provided shall either be the patch, gum, or lozenge at no cost to the caller, and shall only be provided when medically appropriate.	1) Submit report including full list of NRT services provided under this Activity, including all elements listed in the Reporting schedule in Section A.1, 2).	Monthly beginning with the month following the Department's authorization of administration of nicotine replacement therapy to Quitline callers.

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___ Original Contract # _____
 ___ Amendment # _____
 Max. Contract \$ _____
 Contract Contact Person _____
 Contact Telephone _____

STATE OF CONNECTICUT
PURCHASE OF SERVICE CONTRACT
 (“POS”, “Contract” and/or “contract”)
 Revised October 2011

The State of Connecticut _____

Street: _____

City: _____ State: CT Zip: _____

Tel#: _____ (“Agency” and/or “Department”), hereby enters into a Contract with:

Contractor’s Name: _____

Street: _____

City: _____ State: _____ Zip: _____

Tel#: _____ FEIN/SS#: _____

(“Contractor”), for the provision of services outlined in Part I and for the compliance with Part II. The Agency and the Contractor shall collectively be referred to as “Parties”. The Contractor shall comply with the terms and conditions set forth in this Contract as follows:

Contract Term	This Contract is in effect from / / through / / .
Statutory Authority	The Agency is authorized to enter into this Contract pursuant to § of the Connecticut General Statutes (“C.G.S.”).
Set-Aside Status	Contractor <input type="checkbox"/> IS or <input type="checkbox"/> IS NOT a set aside Contractor pursuant to C.G.S. § 4a-60g.
Effective Date	This Contract shall become effective only as of the date of signature by the Agency’s authorized official(s) and, where applicable, the date of approval by the Office of the Attorney General (“OAG”). Upon such execution, this Contract shall be deemed effective for the entire term specified above.
Contract Amendment	Part I of this Contract may be amended only by means of a written instrument signed by the Agency, the Contractor, and, if required, the OAG. Part II of this Contract may be amended only in consultation with, and with the approval of, the OAG and the State of Connecticut, Office of Policy and Management (“OPM”).

All notices, demands, requests, consents, approvals or other communications required or permitted to be given or which are given with respect to this Contract (collectively called “Notices”) shall be deemed to have been effected at such time as the Notice is hand-delivered, placed in the U.S. mail, first class and postage prepaid, return receipt requested, or placed with a recognized, overnight express delivery service that provides for a return receipt. All such Notices shall be in writing and shall be addressed as follows:

If to the Agency:	State of Connecticut,	If to the Contractor:	
	Attention:		Attention:

A party may modify the addressee or address for Notices by providing fourteen (14) days’ prior written Notice to the other party. No formal amendment is required.

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**PART I. SCOPE OF SERVICES, CONTRACT PERFORMANCE, BUDGET, REPORTS,
PROGRAM-SPECIFIC AND AGENCY-SPECIFIC SECTIONS**

The Contractor shall provide the following specific services for the program(s) and shall comply with the terms and conditions set forth in this Contract as required by the Agency, including but not limited to the requirements and measurements for scope of services, Contract performance, quality assurance, reports, terms of payment and budget. No sections in this Part I shall be interpreted to negate, supersede or contradict any section of Part II. In the event of any such inconsistency between Part I and Part II, the sections of Part II shall control.

<< *Insert the Sections of Part I HERE* >>

<< *Paginate Part I STARTING WITH PAGE 3, then Part II sequentially thereafter.* >>

PART II. TERMS AND CONDITIONS

The Contractor shall comply with the following terms and conditions.

- A. **Definitions.** Unless otherwise indicated, the following terms shall have the following corresponding definitions:
1. **“Bid”** shall mean a bid submitted in response to a solicitation.
 2. **“Breach”** shall mean a party’s failure to perform some contracted-for or agreed-upon act, or his failure to comply with a duty imposed by law which is owed to another or to society.
 3. **“Cancellation”** shall mean an end to the Contract affected pursuant to a right which the Contract creates due to a Breach.
 4. **“Claims”** shall mean all actions, suits, claims, demands, investigations and proceedings of any kind, open, pending or threatened, whether mature, unmatured, contingent, known or unknown, at law or in equity, in any forum.
 5. **“Client”** shall mean a recipient of the Contractor’s Services.
 6. **“Contract”** shall mean this agreement, as of its effective date, between the Contractor and the State for Services.
 7. **“Contractor Parties”** shall mean a Contractor’s members, directors, officers, shareholders, partners, managers, principal officers, representatives, agents, servants, consultants, employees or any one of them or any other person or entity with whom the Contractor is in privity of oral or written contract (e.g. subcontractor) and the Contractor intends for such other person or entity to perform under the Contract in any capacity. For the purpose of this Contract, vendors of support services, not otherwise known as human service providers or educators, shall not be considered subcontractors, e.g. lawn care, unless such activity is considered part of a training, vocational or educational program.
 8. **“Data”** shall mean all results, technical information and materials developed and/or obtained in the performance of the Services hereunder, including but not limited to all reports, survey and evaluation tools, surveys and evaluations, plans, charts, recordings (video and/or sound), pictures, curricula, electronically prepared presentations, public awareness or prevention campaign materials, drawings, analyses, graphic representations, computer programs and printouts, notes and memoranda, and documents, whether finished or unfinished, which result from or are prepared in connection with the Services performed hereunder.
 9. **“Day”** shall mean all calendar days, other than Saturdays, Sundays and days designated as national or State of Connecticut holidays upon which banks in Connecticut are closed.
 10. **“Expiration”** shall mean an end to the Contract due to the completion in full of the mutual performances of the parties or due to the Contract’s term being completed.
 11. **“Force Majeure”** shall mean events that materially affect the Services or the time schedule within which to perform and are outside the control of the party asserting that such an event has occurred, including, but not limited to, labor troubles unrelated to the Contractor, failure of or inadequate permanent power, unavoidable casualties, fire not caused by the Contractor, extraordinary weather conditions, disasters, riots, acts of God, insurrection or war.
 12. **“Personal Information”** shall mean any name, number or other information that may be used, alone or in conjunction with any other information, to identify a specific individual including, but not limited to, such individual's name, date of birth, mother's maiden name, motor vehicle operator's license number,

Social Security number, employee identification number, employer or taxpayer identification number, alien registration number, government passport number, health insurance identification number, demand deposit account number, savings account number, credit card number, debit card number or unique biometric data such as fingerprint, voice print, retina or iris image, or other unique physical representation. Without limiting the foregoing, Personal Information shall also include any information regarding clients that the Department classifies as “confidential” or “restricted.” Personal Information shall not include information that may be lawfully obtained from publicly available sources or from federal, state, or local government records which are lawfully made available to the general public.

13. **“Personal Information Breach”** shall mean an instance where an unauthorized person or entity accesses Personal Information in any manner, including but not limited to the following occurrences: (1) any Personal Information that is not encrypted or protected is misplaced, lost, stolen or in any way compromised; (2) one or more third parties have had access to or taken control or possession of any Personal Information that is not encrypted or protected without prior written authorization from the State; (3) the unauthorized acquisition of encrypted or protected Personal Information together with the confidential process or key that is capable of compromising the integrity of the Personal Information; or (4) if there is a substantial risk of identity theft or fraud to the client, the Contractor, the Department or State.
14. **“Records”** shall mean all working papers and such other information and materials as may have been accumulated and/or produced by the Contractor in performing the Contract, including but not limited to, documents, data, plans, books, computations, drawings, specifications, notes, reports, records, estimates, summaries and correspondence, kept or stored in any form.
15. **“Services”** shall mean the performance of Services as stated in Part I of this Contract.
16. **“State”** shall mean the State of Connecticut, including any agency, office, department, board, council, commission, institution or other executive branch agency of State Government.
17. **“Termination”** shall mean an end to the Contract affected pursuant to a right which the Contract creates, other than for a Breach.

B. Client-Related Safeguards.

1. Inspection of Work Performed.

- (a) The Agency or its authorized representative shall at all times have the right to enter into the Contractor or Contractor Parties’ premises, or such other places where duties under the Contract are being performed, to inspect, to monitor or to evaluate the work being performed in accordance with Conn. Gen. Stat. § 4e-29 to ensure compliance with this Contract. The Contractor and all subcontractors must provide all reasonable facilities and assistance to Agency representatives. All inspections and evaluations shall be performed in such a manner as will not unduly delay work. The Contractor shall disclose information on clients, applicants and their families as requested unless otherwise prohibited by federal or state law. Written evaluations pursuant to this Section shall be made available to the Contractor.
- (b) The Contractor must incorporate this section verbatim into any Contract it enters into with any subcontractor providing services under this Contract.

2. Safeguarding Client Information. The Agency and the Contractor shall safeguard the use, publication and disclosure of information on all applicants for and all Clients who receive Services under this Contract with all applicable federal and state law concerning confidentiality and as may be further provided under the Contract.

3. **Reporting of Client Abuse or Neglect.** The Contractor shall comply with all reporting requirements relative to Client abuse and neglect, including but not limited to requirements as specified in C.G.S. §§ 17a-101 through 103, 19a-216, 46b-120 (related to children); C.G.S. § 46a-11b (relative to persons with mental retardation); and C.G.S. § 17b-407 (relative to elderly persons).
4. **Background Checks.** The State may require that the Contractor and Contractor Parties undergo criminal background checks as provided for in the State of Connecticut Department of Public Safety Administration and Operations Manual or such other State document as governs procedures for background checks. The Contractor and Contractor Parties shall cooperate fully as necessary or reasonably requested with the State and its agents in connection with such background checks.

C. Contractor Obligations.

1. **Cost Standards.** The Contractor and funding state Agency shall comply with the Cost Standards issued by OPM, as may be amended from time to time. The Cost Standards are published by OPM on the Web at http://ct.gov/opm/fin/cost_standards.
2. **Credits and Rights in Data.** Unless expressly waived in writing by the Agency, all Records and publications intended for public distribution during or resulting from the performances of this Contract shall include a statement acknowledging the financial support of the State and the Agency and, where applicable, the federal government. All such publications shall be released in conformance with applicable federal and state law and all regulations regarding confidentiality. Any liability arising from such a release by the Contractor shall be the sole responsibility of the Contractor and the Contractor shall indemnify and hold harmless the Agency, unless the Agency or its agents co-authored said publication and said release is done with the prior written approval of the Agency Head. All publications shall contain the following statement: "This publication does not express the views of the [insert Agency name] or the State of Connecticut. The views and opinions expressed are those of the authors." Neither the Contractor nor any of its agents shall copyright Data and information obtained under this Contract, unless expressly previously authorized in writing by the Agency. The Agency shall have the right to publish, duplicate, use and disclose all such Data in any manner, and may authorize others to do so. The Agency may copyright any Data without prior Notice to the Contractor. The Contractor does not assume any responsibility for the use, publication or disclosure solely by the Agency of such Data.
3. **Organizational Information, Conflict of Interest, IRS Form 990.** During the term of this Contract and for the one hundred eighty (180) days following its date of Termination and/or Cancellation, the Contractor shall upon the Agency's request provide copies of the following documents within ten (10) Days after receipt of the request:
 - (a) its most recent IRS Form 990 submitted to the Internal Revenue Service, and
 - (b) its most recent Annual Report filed with the Connecticut Secretary of the State's Office or such other information that the Agency deems appropriate with respect to the organization and affiliation of the Contractor and related entities.

This provision shall continue to be binding upon the Contractor for one hundred and eighty (180) Days following the termination or cancellation of the Contract.

4. **Federal Funds.**
 - (a) The Contractor shall comply with requirements relating to the receipt or use of federal funds. The Agency shall specify all such requirements in Part I of this Contract.

- (b) The Contractor acknowledges that the Agency has established a policy, as mandated by section 6032 of the Deficit Reduction Act (DRA) of 2005, P.L. 109-171, that provides detailed information about the Federal False Claims Act, 31 U.S.C. §§ 3729-3733, and other laws supporting the detection and prevention of fraud and abuse.
 - (1) Contractor acknowledges that it has received a copy of said policy and shall comply with its terms, as amended, and with all applicable state and federal laws, regulations and rules. Contractor shall provide said policy to subcontractors and shall require compliance with the terms of the policy. Failure to abide by the terms of the policy, as determined by the Agency, shall constitute a Breach of this Contract and may result in cancellation or termination of this Contract.
 - (2) This section applies if, under this Contract, the Contractor or Contractor Parties furnishes, or otherwise authorizes the furnishing of health care items or services, performs billing or coding functions, or is involved in monitoring of health care provided by the Agency.
- (c) Contractor represents that it is not excluded, debarred, suspended or otherwise ineligible to participate in federal health care programs.
- (d) Contractor shall not, for purposes of performing the Contract with the Agency, knowingly employ or contract with, with or without compensation: (A) any individual or entity listed by a federal agency as excluded, debarred, suspended or otherwise ineligible to participate in federal health care programs; or (B) any person or entity who is excluded from contracting with the State of Connecticut or the federal government (as reflected in the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs, Department of Health and Human Services, Office of Inspector General (HHS/OIG) Excluded Parties list and the Office of Foreign Assets Control (OFAC) list of Specially Designated Nationals and Blocked Persons List). Contractor shall immediately notify the Agency should it become subject to an investigation or inquiry involving items or services reimbursable under a federal health care program or be listed as ineligible for participation in or to perform Services in connection with such program. The Agency may cancel or terminate this Contract immediately if at any point the Contractor, subcontractor or any of their employees are sanctioned, suspended, excluded from or otherwise become ineligible to participate in federal health care programs.

5. Audit Requirements.

- (a) The State Auditors of Public Accounts shall have access to all Records for the fiscal year(s) in which the award was made. The Contractor shall provide for an annual financial audit acceptable to the Agency for any expenditure of state-awarded funds made by the Contractor. Such audit shall include management letters and audit recommendations. The Contractor shall comply with federal and state single audit standards as applicable.
- (b) The Contractor shall make all of its and the Contractor Parties' Records available at all reasonable hours for audit and inspection by the State, including, but not limited to, the Agency, the Connecticut Auditors of Public Accounts, Attorney General and State's Attorney and their respective agents. Requests for any audit or inspection shall be in writing, at least ten (10) days prior to the requested date. All audits and inspections shall be at the requester's expense. The State may request an audit or inspection at any time during the Contract term and for three (3) years after Termination, Cancellation or Expiration of the Contract. The Contractor shall cooperate fully with the State and its agents in connection with an audit or inspection. Following any audit or inspection, the State may conduct and the Contractor shall cooperate with an exit conference.
- (c) For purposes of this subsection as it relates to State grants, the word "Contractor" shall be read to mean "nonstate entity," as that term is defined in C.G.S. § 4-230.

- (d) The Contractor must incorporate this section verbatim into any Contract it enters into with any subcontractor providing services under this Contract.
- 6. Related Party Transactions.** The Contractor shall report all related party transactions, as defined in this section, to the Agency on an annual basis in the appropriate fiscal report as specified in Part I of this Contract. “Related party” means a person or organization related through marriage, ability to control, ownership, family or business association. Past exercise of influence or control need not be shown, only the potential or ability to directly or indirectly exercise influence or control. “Related party transactions” between a Contractor or Contractor Party and a related party include, but are not limited to:
- (a) Real estate sales or leases;
 - (b) leases for equipment, vehicles or household furnishings;
 - (c) Mortgages, loans and working capital loans; and
 - (d) Contracts for management, consultant and professional services as well as for materials, supplies and other services purchased by the Contractor or Contractor Party.
- 7. Suspension or Debarment.** In addition to the representations and requirements set forth in Section D.4:
- (a) The Contractor certifies for itself and Contractor Parties involved in the administration of federal or state funds that they:
 - (1) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any governmental agency (federal, state or local);
 - (2) within a three year period preceding the effective date of this Contract, have not been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (federal, state or local) transaction or contract under a public transaction; for violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;
 - (3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the above offenses; and
 - (4) Have not within a three year period preceding the effective date of this Contract had one or more public transactions terminated for cause or fault.
 - (b) Any change in the above status shall be immediately reported to the Agency.
- 8. Liaison.** Each Party shall designate a liaison to facilitate a cooperative working relationship between the Contractor and the Agency in the performance and administration of this Contract.
- 9. Subcontracts.** Each Contractor Party’s identity, services to be rendered and costs shall be detailed in Part I of this Contract. Absent compliance with this requirement, no Contractor Party may be used or expense paid under this Contract unless expressly otherwise provided in Part I of this Contract. No Contractor Party shall acquire any direct right of payment from the Agency by virtue of this section or any other section of this Contract. The use of Contractor Parties shall not relieve the Contractor of any responsibility or liability

under this Contract. The Contractor shall make available copies of all subcontracts to the Agency upon request.

10. Independent Capacity of Contractor. The Contractor and Contractor Parties shall act in an independent capacity and not as officers or employees of the state of Connecticut or of the Agency.

11. Indemnification.

- (a) The Contractor shall indemnify, defend and hold harmless the state of Connecticut and its officers, representatives, agents, servants, employees, successors and assigns from and against any and all:
 - (1) claims arising directly or indirectly, in connection with the Contract, including the acts of commission or omission (collectively the “Acts”) of the Contractor or Contractor Parties; and
 - (2) liabilities, damages, losses, costs and expenses, including but not limited to attorneys’ and other professionals’ fees, arising, directly or indirectly, in connection with Claims, Acts or the Contract. The Contractor shall use counsel reasonably acceptable to the State in carrying out its indemnification and hold-harmless obligations under this Contract. The Contractor’s obligations under this section to indemnify, defend and hold harmless against Claims includes Claims concerning confidentiality of any part of or all of the bid or any records, and intellectual property rights, other propriety rights of any person or entity, copyrighted or uncopyrighted compositions, secret processes, patented or unpatented inventions, articles or appliances furnished or used in the performance of the Contract.
- (b) The Contractor shall reimburse the State for any and all damages to the real or personal property of the State caused by the Acts of the Contractor or any Contractor Parties. The State shall give the Contractor reasonable notice of any such Claims.
- (c) The Contractor’s duties under this Section shall remain fully in effect and binding in accordance with the terms and conditions of the Contract, without being lessened or compromised in any way, even where the Contractor is alleged or is found to have merely contributed in part to the Acts giving rise to the Claims and/or where the State is alleged or is found to have contributed to the Acts giving rise to the Claims.
- (d) The Contractor shall carry and maintain at all times during the term of the Contract, and during the time that any sections survive the term of the Contract, sufficient general liability insurance to satisfy its obligations under this Contract. The Contractor shall name the State as an additional insured on the policy and shall provide a copy of the policy to the Agency prior to the effective date of the Contract. The Contractor shall not begin performance until the delivery of the policy to the Agency.
- (e) The rights provided in this section for the benefit of the State shall encompass the recovery of attorneys’ and other professionals’ fees expended in pursuing a Claim against a third party.
- (f) This section shall survive the Termination, Cancellation or Expiration of the Contract, and shall not be limited by reason of any insurance coverage.

12. Insurance. Before commencing performance, the Agency may require the Contractor to obtain and maintain specified insurance coverage. In the absence of specific Agency requirements, the Contractor shall obtain and maintain the following insurance coverage at its own cost and expense for the duration of the Contract:

- (a) Commercial General Liability. \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall include Premises and Operations, Independent Contractors, Products and Completed Operations, Contractual Liability, and Broad Form Property Damage coverage. If a general aggregate is used, the general aggregate limit shall apply separately to the services to be performed under this Contract or the general aggregate limit shall be twice the occurrence limit;
- (b) Automobile Liability. \$1,000,000 combined single limit per accident for bodily injury. Coverage extends to owned, hired and non-owned automobiles. If the vendor/contractor does not own an automobile, but one is used in the execution of this Contract, then only hired and non-owned coverage is required. If a vehicle is not used in the execution of this Contract then automobile coverage is not required.
- (c) Professional Liability. \$1,000,000 limit of liability, if applicable; and/or
- (d) Workers' Compensation and Employers Liability. Statutory coverage in compliance with the Compensation laws of the State of Connecticut. Coverage shall include Employer's Liability with minimum limits of \$100,000 each accident, \$500,000 Disease – Policy limit, \$100,000 each employee.

13. Choice of Law/Choice of Forum, Settlement of Disputes, Claims Against the State.

- (a) The Contract shall be deemed to have been made in the City of Hartford, State of Connecticut. Both Parties agree that it is fair and reasonable for the validity and construction of the Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. To the extent that any immunities provided by federal law or the laws of the State of Connecticut do not bar an action against the State, and to the extent that these courts are courts of competent jurisdiction, for the purpose of venue, the complaint shall be made returnable to the Judicial District of Hartford only or shall be brought in the United States District Court for the District of Connecticut only, and shall not be transferred to any other court, provided, however, that nothing here constitutes a waiver or compromise of the sovereign immunity of the State of Connecticut. The Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding.
- (b) Any dispute concerning the interpretation or application of this Contract shall be decided by the Agency Head or his/her designee whose decision shall be final, subject to any rights the Contractor may have pursuant to state law. In appealing a dispute to the Agency Head pursuant to this section, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final resolution of a dispute, the Contractor and the Agency shall proceed diligently with the performance of the Contract.
- (c) The Contractor agrees that the sole and exclusive means for the presentation of any claim against the State arising from this Contract shall be in accordance with Title 4, Chapter 53 of the Connecticut General Statutes (Claims Against the State) and the Contractor further agrees not to initiate legal proceedings, except as authorized by that Chapter, in any state or federal court in addition to or in lieu of said Chapter 53 proceedings.

14. Compliance with Law and Policy, Facility Standards and Licensing. Contractor shall comply with all:

- (a) pertinent local, state and federal laws and regulations as well as Agency policies and procedures applicable to contractor's programs as specified in this Contract. The Agency shall notify the

Contractor of any applicable new or revised laws, regulations, policies or procedures which the Agency has responsibility to promulgate or enforce; and

- (b) applicable local, state and federal licensing, zoning, building, health, fire and safety regulations or ordinances, as well as standards and criteria of pertinent state and federal authorities. Unless otherwise provided by law, the Contractor is not relieved of compliance while formally contesting the authority to require such standards, regulations, statutes, ordinance or criteria.

15. Representations and Warranties. Contractor shall:

- (a) perform fully under the Contract;
- (b) pay for and/or secure all permits, licenses and fees and give all required or appropriate notices with respect to the provision of Services as described in Part I of this Contract; and
- (c) adhere to all contractual sections ensuring the confidentiality of all Records that the Contractor has access to and are exempt from disclosure under the State's Freedom of Information Act or other applicable law.

16. Reports. The Contractor shall provide the Agency with such statistical, financial and programmatic information necessary to monitor and evaluate compliance with the Contract. All requests for such information shall comply with all applicable state and federal confidentiality laws. The Contractor shall provide the Agency with such reports as the Agency requests as required by this Contract.

17. Delinquent Reports. The Contractor shall submit required reports by the designated due dates as identified in this Contract. After notice to the Contractor and an opportunity for a meeting with an Agency representative, the Agency reserves the right to withhold payments for services performed under this Contract if the Agency has not received acceptable progress reports, expenditure reports, refunds, and/or audits as required by this Contract or previous contracts for similar or equivalent services the Contractor has entered into with the Agency. This section shall survive any Termination of the Contract or the Expiration of its term.

18. Record Keeping and Access. The Contractor shall maintain books, Records, documents, program and individual service records and other evidence of its accounting and billing procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature incurred in the performance of this Contract. These Records shall be subject at all reasonable times to monitoring, inspection, review or audit by authorized employees or agents of the State or, where applicable, federal agencies. The Contractor shall retain all such Records concerning this Contract for a period of three (3) years after the completion and submission to the State of the Contractor's annual financial audit.

19. Protection of Personal Information.

- (a) Contractor and Contractor Parties, at their own expense, have a duty to and shall protect from a Personal Information Breach any and all Personal Information which they come to possess or control, wherever and however stored or maintained, in a commercially reasonable manner in accordance with current industry standards.

<http://www.ct.gov/doit/cwp/view.asp?a=1245&q=253968><http://www.ct.gov/doit/cwp/view.asp?a=1245&q=253968>

- (b) Each Contractor or Contractor Party shall implement and maintain a comprehensive data security program for the protection of Personal Information. The safeguards contained in such program shall be consistent with and comply with the safeguards for protection of Personal

Information, and information of a similar character, as set forth in all applicable federal and state law and written policy of the Department or State concerning the confidentiality of Personal Information. Such data-security program shall include, but not be limited to, the following:

- (1) A security policy for employees related to the storage, access and transportation of data containing Personal Information;
 - (2) Reasonable restrictions on access to records containing Personal Information, including access to any locked storage where such records are kept;
 - (3) A process for reviewing policies and security measures at least annually;
 - (4) Creating secure access controls to Personal Information, including but not limited to passwords; and
 - (5) Encrypting of Personal Information that is stored on laptops, portable devices or being transmitted electronically.
- (c) The Contractor and Contractor Parties shall notify the Department and the Connecticut Office of the Attorney General as soon as practical, but no later than twenty-four (24) hours, after they become aware of or suspect that any Personal Information which Contractor or Contractor Parties possess or control has been subject to a Personal Information Breach. If a Personal Information Breach has occurred, the Contractor shall, within three (3) business days after the notification, present a credit monitoring and protection plan to the Commissioner of Administrative Services, the Department and the Connecticut Office of the Attorney General, for review and approval. Such credit monitoring or protection plan shall be made available by the Contractor at its own cost and expense to all individuals affected by the Personal Information Breach. Such credit monitoring or protection plan shall include, but is not limited to reimbursement for the cost of placing and lifting one (1) security freeze per credit file pursuant to Connecticut General Statutes § 36a-701a. Such credit monitoring or protection plans shall be approved by the State in accordance with this Section and shall cover a length of time commensurate with the circumstances of the Personal Information Breach. The Contractors' costs and expenses for the credit monitoring and protection plan shall not be recoverable from the Department, any State of Connecticut entity or any affected individuals.
- (d) The Contractor shall incorporate the requirements of this Section in all subcontracts requiring each Contractor Party to safeguard Personal Information in the same manner as provided for in this Section.
- (e) Nothing in this Section shall supersede in any manner Contractor's or Contractor Party's obligations pursuant to HIPAA or the provisions of this Contract concerning the obligations of the Contractor as a Business Associate of the Department.

20. Workforce Analysis. The Contractor shall provide a workforce Analysis Affirmative Action report related to employment practices and procedures.

21. Litigation.

- (a) The Contractor shall require that all Contractor Parties, as appropriate, disclose to the Contractor, to the best of their knowledge, any Claims involving the Contractor Parties that might reasonably be expected to materially adversely affect their businesses, operations, assets, properties, financial stability, business prospects or ability to perform fully under the Contract, no later than ten (10) days after becoming aware or after they should have become aware of any such Claims. Disclosure shall be in writing.
- (b) The Contractor shall provide written Notice to the Agency of any final decision by any tribunal or state or federal agency or court which is adverse to the Contractor or which results in a settlement, compromise or claim or agreement of any kind for any action or proceeding brought against the

Contractor or its employee or agent under the Americans with Disabilities Act of 1990 as revised or amended from time to time, Executive Orders Nos. 3 & 17 of Governor Thomas J. Meskill and any other requirements of federal or state law concerning equal employment opportunities or nondiscriminatory practices.

22. **Sovereign Immunity.** The Contractor and Contractor Parties acknowledge and agree that nothing in the Contract, or the solicitation leading up to the Contract, shall be construed as a modification, compromise or waiver by the State of any rights or defenses of any immunities provided by Federal law or the laws of the State of Connecticut to the State or any of its officers and employees, which they may have had, now have or will have with respect to all matters arising out of the Contract. To the extent that this Section conflicts with any other Section, this Section shall govern.

Section D. Changes to the Contract, Termination, Cancellation and Expiration.

1. Contract Amendment.

- (a) No amendment to or modification or other alteration of this Contract shall be valid or binding upon the parties unless made in writing, signed by the parties and, if applicable, approved by the OAG.
- (b) The Agency may amend this Contract to reduce the contracted amount of compensation if:
 - (1) the total amount budgeted by the State for the operation of the Agency or Services provided under the program is reduced or made unavailable in any way; or
 - (2) federal funding reduction results in reallocation of funds within the Agency.
- (c) If the Agency decides to reduce the compensation, the Agency shall send written Notice to the Contractor. Within twenty (20) Days of the Contractor's receipt of the Notice, the Contractor and the Agency shall negotiate the implementation of the reduction of compensation unless the parties mutually agree that such negotiations would be futile. If the parties fail to negotiate an implementation schedule, then the Agency may terminate the Contract effective no earlier than sixty (60) Days from the date that the Contractor receives written notification of Termination and the date that work under this Contract shall cease.

2. Contractor Changes and Assignment.

- (a) The Contractor shall notify the Agency in writing:
 - (1) at least ninety (90) days prior to the effective date of any fundamental changes in the Contractor's corporate status, including merger, acquisition, transfer of assets, and any change in fiduciary responsibility;
 - (2) no later than ten (10) days from the effective date of any change in:
 - (A) its certificate of incorporation or other organizational document;
 - (B) more than a controlling interest in the ownership of the Contractor; or
 - (C) the individual(s) in charge of the performance.
- (b) No such change shall relieve the Contractor of any responsibility for the accuracy and completeness of the performance. The Agency, after receiving written Notice from the Contractor of any such change, may require such contracts, releases and other instruments

evidencing, to the Agency's satisfaction, that any individuals retiring or otherwise separating from the Contractor have been compensated in full or that allowance has been made for compensation in full, for all work performed under terms of the Contract. The Contractor shall deliver such documents to the Agency in accordance with the terms of the Agency's written request. The Agency may also require, and the Contractor shall deliver, a financial statement showing that solvency of the Contractor is maintained. The death of any Contractor Party, as applicable, shall not release the Contractor from the obligation to perform under the Contract; the surviving Contractor Parties, as appropriate, must continue to perform under the Contract until performance is fully completed.

- (c) Assignment. The Contractor shall not assign any of its rights or obligations under the Contract, voluntarily or otherwise, in any manner without the prior written consent of the Agency.
 - (1) The Contractor shall comply with requests for documentation deemed to be appropriate by the Agency in considering whether to consent to such assignment.
 - (2) The Agency shall notify the Contractor of its decision no later than forty-five (45) Days from the date the Agency receives all requested documentation.
 - (3) The Agency may void any assignment made without the Agency's consent and deem such assignment to be in violation of this Section and to be in Breach of the Contract. Any cancellation of this Contract by the Agency for a Breach shall be without prejudice to the Agency's or the State's rights or possible claims against the Contractor.

3. Breach.

- (a) If either party Breaches this Contract in any respect, the non-breaching party shall provide written notice of the Breach to the breaching party and afford the breaching party an opportunity to cure within ten (10) Days from the date that the breaching party receives the notice. In the case of a Contractor Breach, the Agency may modify the ten (10) day cure period in the notice of Breach. The right to cure period shall be extended if the non-breaching party is satisfied that the breaching party is making a good faith effort to cure, but the nature of the Breach is such that it cannot be cured within the right to cure period. The Notice may include an effective Contract cancellation date if the Breach is not cured by the stated date and, unless otherwise modified by the non-breaching party in writing prior to the cancellation date, no further action shall be required of any party to effect the cancellation as of the stated date. If the notice does not set forth an effective Contract cancellation date, then the non-breaching party may cancel the Contract by giving the breaching party no less than twenty four (24) hours' prior written Notice after the expiration of the cure period.
- (b) If the Agency believes that the Contractor has not performed according to the Contract, the Agency may:
 - (1) withhold payment in whole or in part pending resolution of the performance issue, provided that the Agency notifies the Contractor in writing prior to the date that the payment would have been due in accordance with the budget;
 - (2) temporarily discontinue all or part of the Services to be provided under the Contract;
 - (3) permanently discontinue part of the Services to be provided under the Contract;
 - (4) assign appropriate State personnel to provide contracted for Services to assure continued performance under the Contract until such time as the contractual Breach has been corrected to the satisfaction of the Agency;

- (5) require that contract funding be used to enter into a subcontract with a person or persons designated by the Agency in order to bring the program into contractual compliance;
 - (6) take such other actions of any nature whatsoever as may be deemed appropriate for the best interests of the State or the program(s) provided under this Contract or both; or
 - (7) any combination of the above actions.
- (c) The Contractor shall return all unexpended funds to the Agency no later than thirty (30) calendar days after the Contractor receives a demand from the Agency.
- (d) In addition to the rights and remedies granted to the Agency by this Contract, the Agency shall have all other rights and remedies granted to it by law in the event of Breach of or default by the Contractor under the terms of this Contract.
- (e) The action of the Agency shall be considered final. If at any step in this process the Contractor fails to comply with the procedure and, as applicable, the mutually agreed plan of correction, the Agency may proceed with Breach remedies as listed under this section.
- 4. Non-enforcement Not to Constitute Waiver.** No waiver of any Breach of the Contract shall be interpreted or deemed to be a waiver of any other or subsequent Breach. All remedies afforded in the Contract shall be taken and construed as cumulative, that is, in addition to every other remedy provided in the Contract or at law or in equity. A party's failure to insist on strict performance of any section of the Contract shall only be deemed to be a waiver of rights and remedies concerning that specific instance of performance and shall not be deemed to be a waiver of any subsequent rights, remedies or Breach.
- 5. Suspension.** If the Agency determines in its sole discretion that the health and welfare of the Clients or public safety is being adversely affected, the Agency may immediately suspend in whole or in part the Contract without prior notice and take any action that it deems to be necessary or appropriate for the benefit of the Clients. The Agency shall notify the Contractor of the specific reasons for taking such action in writing within five (5) Days of immediate suspension. Within five (5) Days of receipt of this notice, the Contractor may request in writing a meeting with the Agency Head or designee. Any such meeting shall be held within five (5) Days of the written request, or such later time as is mutually agreeable to the parties. At the meeting, the Contractor shall be given an opportunity to present information on why the Agency's actions should be reversed or modified. Within five (5) Days of such meeting, the Agency shall notify the Contractor in writing of his/her decision upholding, reversing or modifying the action of the Agency head or designee. This action of the Agency head or designee shall be considered final.
- 6. Ending the Contractual Relationship.**
- (a) This Contract shall remain in full force and effect for the duration of its entire term or until such time as it is terminated earlier by either party or cancelled. Either party may terminate this contract by providing at least sixty (60) days prior written notice pursuant to the Notice requirements of this Contract.
 - (b) The Agency may immediately terminate the Contract in whole or in part whenever the Agency makes a determination that such termination is in the best interest of the State. Notwithstanding Section D.2, the Agency may immediately terminate or cancel this Contract in the event that the Contractor or any subcontractors becomes financially unstable to the point of threatening its ability to conduct the services required under this Contract, ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or its assets.

- (c) The Agency shall notify the Contractor in writing of Termination pursuant to subsection (b) above, which shall specify the effective date of termination and the extent to which the Contractor must complete or immediately cease performance. Such Notice of Termination shall be sent in accordance with the Notice provision contained on page 1 of this Contract. Upon receiving the Notice from the Agency, the Contractor shall immediately discontinue all Services affected in accordance with the Notice, undertake all reasonable and necessary efforts to mitigate any losses or damages, and deliver to the Agency all Records as defined in Section A.14, unless otherwise instructed by the Agency in writing, and take all actions that are necessary or appropriate, or that the Agency may reasonably direct, for the protection of Clients and preservation of any and all property. Such Records are deemed to be the property of the Agency and the Contractor shall deliver them to the Agency no later than thirty (30) days after the Termination of the Contract or fifteen (15) days after the Contractor receives a written request from the Agency for the specified records whichever is less. The Contractor shall deliver those Records that exist in electronic, magnetic or other intangible form in a non-proprietary format, such as, but not limited to ASCII or .TXT.
- (d) The Agency may terminate the Contract at any time without prior notice when the funding for the Contract is no longer available.
- (e) The Contractor shall deliver to the Agency any deposits, prior payment, advance payment or down payment if the Contract is terminated by either party or cancelled within thirty (30) days after receiving demand from the Agency. The Contractor shall return to the Agency any funds not expended in accordance with the terms and conditions of the Contract and, if the Contractor fails to do so upon demand, the Agency may recoup said funds from any future payments owing under this Contract or any other contract between the State and the Contractor. Allowable costs, as detailed in audit findings, incurred until the date of termination or cancellation for operation or transition of program(s) under this Contract shall not be subject to recoupment.

7. Transition after Termination or Expiration of Contract.

- (a) If this Contract is terminated for any reason, cancelled or it expires in accordance with its term, the Contractor shall do and perform all things which the Agency determines to be necessary or appropriate to assist in the orderly transfer of Clients served under this Contract and shall assist in the orderly cessation of Services it performs under this Contract. In order to complete such transfer and wind down the performance, and only to the extent necessary or appropriate, if such activities are expected to take place beyond the stated end of the Contract term then the Contract shall be deemed to have been automatically extended by the mutual consent of the parties prior to its expiration without any affirmative act of either party, including executing an amendment to the Contract to extend the term, but only until the transfer and winding down are complete.
- (b) If this Contract is terminated, cancelled or not renewed, the Contractor shall return to the Agency any equipment, deposits or down payments made or purchased with start-up funds or other funds specifically designated for such purpose under this Contract in accordance with the written instructions from the Agency in accordance with the Notice provision of this Contract. Written instructions shall include, but not be limited to, a description of the equipment to be returned, where the equipment shall be returned to and who is responsible to pay for the delivery/shipping costs. Unless the Agency specifies a shorter time frame in the letter of instructions, the Contractor shall affect the returns to the Agency no later than sixty (60) days from the date that the Contractor receives Notice.

E. Statutory and Regulatory Compliance.

1. Health Insurance Portability and Accountability Act of 1996.

- (a) If the Contactor is a Business Associate under the requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Contractor must comply with all terms and conditions of this Section of the Contract. If the Contractor is not a Business Associate under HIPAA, this Section of the Contract does not apply to the Contractor for this Contract.
- (b) The Contractor is required to safeguard the use, publication and disclosure of information on all applicants for, and all clients who receive, services under the Contract in accordance with all applicable federal and state law regarding confidentiality, which includes but is not limited to HIPAA, more specifically with the Privacy and Security Rules at 45 C.F.R. Part 160 and Part 164, subparts A, C, and E; and
- (c) The State of Connecticut Agency named on page 1 of this Contract (“Agency”) is a “covered entity” as that term is defined in 45 C.F.R. § 160.103; and
- (d) The Contractor, on behalf of the Agency, performs functions that involve the use or disclosure of “individually identifiable health information,” as that term is defined in 45 C.F.R. § 160.103; and
- (e) The Contractor is a “business associate” of the Agency, as that term is defined in 45 C.F.R. § 160.103; and
- (f) The Contractor and the Agency agree to the following in order to secure compliance with the HIPAA, the requirements of Subtitle D of the Health Information Technology for Economic and Clinical Health Act (“HITECH Act”), (Pub. L. 111-5, §§ 13400 to 13423), and more specifically with the Privacy and Security Rules at 45 C.F.R. Part 160 and Part 164, subparts A, C, and E.
- (g) Definitions
 - (1) “Breach” shall have the same meaning as the term is defined in section 13400 of the HITECH Act (42 U.S.C. § 17921(1)).
 - (2) “Business Associate” shall mean the Contractor.
 - (3) “Covered Entity” shall mean the Agency of the State of Connecticut named on page 1 of this Contract.
 - (4) “Designated Record Set” shall have the same meaning as the term “designated record set” in 45 C.F.R. § 164.501.
 - (5) “Electronic Health Record” shall have the same meaning as the term is defined in section 13400 of the HITECH Act (42 U.S.C. § 17921(5)).
 - (6) “Individual” shall have the same meaning as the term “individual” in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative as defined in 45 C.F.R. § 164.502(g).
 - (7) “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and part 164, subparts A and E.
 - (8) “Protected Health Information” or “PHI” shall have the same meaning as the term “protected health information” in 45 C.F.R. § 160.103, limited to information created or received by the Business Associate from or on behalf of the Covered Entity.
 - (9) “Required by Law” shall have the same meaning as the term “required by law” in 45 C.F.R. § 164.103.

- (10) “Secretary” shall mean the Secretary of the Department of Health and Human Services or his designee.
 - (11) “More stringent” shall have the same meaning as the term “more stringent” in 45 C.F.R. § 160.202.
 - (12) “This Section of the Contract” refers to the HIPAA Provisions stated herein, in their entirety.
 - (13) “Security Incident” shall have the same meaning as the term “security incident” in 45 C.F.R. § 164.304.
 - (14) “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. part 160 and part 164, subpart A and C.
 - (15) “Unsecured protected health information” shall have the same meaning as the term as defined in section 13402(h)(1)(A) of HITECH. Act. (42 U.S.C. §17932(h)(1)(A)).
- (h) Obligations and Activities of Business Associates.
- (1) Business Associate agrees not to use or disclose PHI other than as permitted or required by this Section of the Contract or as Required by Law.
 - (2) Business Associate agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for in this Section of the Contract.
 - (3) Business Associate agrees to use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic protected health information that it creates, receives, maintains, or transmits on behalf of the Covered Entity.
 - (4) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of a use or disclosure of PHI by Business Associate in violation of this Section of the Contract.
 - (5) Business Associate agrees to report to Covered Entity any use or disclosure of PHI not provided for by this Section of the Contract or any security incident of which it becomes aware.
 - (6) Business Associate agrees to insure that any agent, including a subcontractor, to whom it provides PHI received from, or created or received by Business Associate, on behalf of the Covered Entity, agrees to the same restrictions and conditions that apply through this Section of the Contract to Business Associate with respect to such information.
 - (7) Business Associate agrees to provide access, at the request of the Covered Entity, and in the time and manner agreed to by the parties, to PHI in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. § 164.524.
 - (8) Business Associate agrees to make any amendments to PHI in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of the Covered Entity, and in the time and manner agreed to by the parties.

- (9) Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by, Business Associate on behalf of Covered Entity, available to Covered Entity or to the Secretary in a time and manner agreed to by the parties or designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- (10) Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528 and section 13405 of the HITECH Act (42 U.S.C. § 17935) and any regulations promulgated thereunder.
- (11) Business Associate agrees to provide to Covered Entity, in a time and manner agreed to by the parties, information collected in accordance with subsection (h)(10) of this Section of the Contract, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528 and section 13405 of the HITECH Act (42 U.S.C. § 17935) and any regulations promulgated thereunder. Business Associate agrees at the Covered Entity's direction to provide an accounting of disclosures of PHI directly to an individual in accordance with 45 C.F.R. § 164.528 and section 13405 of the HITECH Act (42 U.S.C. § 17935) and any regulations promulgated thereunder.
- (12) Business Associate agrees to comply with any state or federal law that is more stringent than the Privacy Rule.
- (13) Business Associate agrees to comply with the requirements of the HITECH Act relating to privacy and security that are applicable to the Covered Entity and with the requirements of 45 C.F.R. §§ 164.504(e), 164.308, 164.310, 164.312, and 164.316.
- (14) In the event that an individual requests that the Business Associate
 - (A) restrict disclosures of PHI;
 - (B) provide an accounting of disclosures of the individual's PHI; or
 - (C) provide a copy of the individual's PHI in an electronic health record,the Business Associate agrees to notify the covered entity, in writing, within five (5) business days of the request.
- (15) Business Associate agrees that it shall not, directly or indirectly, receive any remuneration in exchange for PHI of an individual without
 - (A) the written approval of the covered entity, unless receipt of remuneration in exchange for PHI is expressly authorized by this Contract and
 - (B) the valid authorization of the individual, except for the purposes provided under section 13405(d)(2) of the HITECH Act, (42 U.S.C. § 17935(d)(2)) and in any accompanying regulations
- (16) Obligations in the Event of a Breach.

- (A) The Business Associate agrees that, following the discovery of a breach of unsecured protected health information, it shall notify the Covered Entity of such breach in accordance with the requirements of section 13402 of HITECH (42 U.S.C. § 17932(b)) and this Section of the Contract.
- (B) Such notification shall be provided by the Business Associate to the Covered Entity without unreasonable delay, and in no case later than 30 days after the breach is discovered by the Business Associate, except as otherwise instructed in writing by a law enforcement official pursuant to section 13402(g) of HITECH (42 U.S.C. § 17932(g)). A breach is considered discovered as of the first day on which it is, or reasonably should have been, known to the Business Associate. The notification shall include the identification and last known address, phone number and email address of each individual (or the next of kin of the individual if the individual is deceased) whose unsecured protected health information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, or disclosed during such breach.
- (C) The Business Associate agrees to include in the notification to the Covered Entity at least the following information:
1. A brief description of what happened, including the date of the breach and the date of the discovery of the breach, if known.
 2. A description of the types of unsecured protected health information that were involved in the breach (such as full name, Social Security number, date of birth, home address, account number, or disability code).
 3. The steps the Business Associate recommends that individuals take to protect themselves from potential harm resulting from the breach.
 4. A detailed description of what the Business Associate is doing to investigate the breach, to mitigate losses, and to protect against any further breaches.
 5. Whether a law enforcement official has advised either verbally or in writing the Business Associate that he or she has determined that notification or notice to individuals or the posting required under section 13402 of the HITECH Act would impede a criminal investigation or cause damage to national security and; if so, include contact information for said official.
- (D) Business Associate agrees to provide appropriate staffing and have established procedures to ensure that individuals informed by the Covered Entity of a breach by the Business Associate have the opportunity to ask questions and contact the Business Associate for additional information regarding the breach. Such procedures shall include a toll-free telephone number, an e-mail address, a posting on its Web site or a postal address. For breaches involving ten or more individuals whose contact information is insufficient or out of date to allow written notification under 45 C.F.R. § 164.404(d)(1)(i), the Business Associate shall notify the Covered Entity of such persons and maintain a toll-free telephone number for ninety (90) days after said notification is sent to the Covered Entity. Business Associate agrees to include in the notification of a breach by the Business Associate to the Covered Entity, a written description of the procedures

that have been established to meet these requirements. Costs of such contact procedures will be borne by the Contractor.

- (E) Business Associate agrees that, in the event of a breach, it has the burden to demonstrate that it has complied with all notifications requirements set forth above, including evidence demonstrating the necessity of a delay in notification to the Covered Entity.

(i) Permitted Uses and Disclosure by Business Associate.

- (1) General Use and Disclosure Provisions Except as otherwise limited in this Section of the Contract, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this Contract, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

(2) Specific Use and Disclosure Provisions

- (A) Except as otherwise limited in this Section of the Contract, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
- (B) Except as otherwise limited in this Section of the Contract, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- (C) Except as otherwise limited in this Section of the Contract, Business Associate may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).

(j) Obligations of Covered Entity.

- (1) Covered Entity shall notify Business Associate of any limitations in its notice of privacy practices of Covered Entity, in accordance with 45 C.F.R. § 164.520, or to the extent that such limitation may affect Business Associate's use or disclosure of PHI.
- (2) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- (3) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

- (k) Permissible Requests by Covered Entity. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by the Covered Entity, except that Business Associate may use and disclose PHI for data aggregation, and management and administrative activities of Business Associate, as permitted under this Section of the Contract.

(l) Term and Termination.

- (1) Term. The Term of this Section of the Contract shall be effective as of the date the Contract is effective and shall terminate when the information collected in accordance with provision (h)(10) of this Section of the Contract is provided to the Covered Entity and all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.
- (2) Termination for Cause Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
 - (A) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate the Contract if Business Associate does not cure the breach or end the violation within the time specified by the Covered Entity; or
 - (B) Immediately terminate the Contract if Business Associate has breached a material term of this Section of the Contract and cure is not possible; or
 - (C) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(3) Effect of Termination.

- (A) Except as provided in (l)(2) of this Section of the Contract, upon termination of this Contract, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. Business Associate shall also provide the information collected in accordance with section (h)(10) of this Section of the Contract to the Covered Entity within ten business days of the notice of termination. This section shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
- (B) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon documentation by Business Associate that return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Section of the Contract to such PHI and limit further uses and disclosures of PHI to those purposes that make return or destruction infeasible, for as long as Business Associate maintains such PHI. Infeasibility of the return or destruction of PHI includes, but is not limited to, requirements under state or federal law that the Business Associate maintains or preserves the PHI or copies thereof.

(m) Miscellaneous Sections.

- (1) Regulatory References. A reference in this Section of the Contract to a section in the Privacy Rule means the section as in effect or as amended.
- (2) Amendment. The Parties agree to take such action as is necessary to amend this Section of the Contract from time to time as is necessary for Covered Entity to comply with

requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

- (3) Survival. The respective rights and obligations of Business Associate shall survive the termination of this Contract.
- (4) Effect on Contract. Except as specifically required to implement the purposes of this Section of the Contract, all other terms of the Contract shall remain in force and effect.
- (5) Construction. This Section of the Contract shall be construed as broadly as necessary to implement and comply with the Privacy Standard. Any ambiguity in this Section of the Contract shall be resolved in favor of a meaning that complies, and is consistent with, the Privacy Standard.
- (6) Disclaimer. Covered Entity makes no warranty or representation that compliance with this Section of the Contract will be adequate or satisfactory for Business Associate's own purposes. Covered Entity shall not be liable to Business Associate for any claim, civil or criminal penalty, loss or damage related to or arising from the unauthorized use or disclosure of PHI by Business Associate or any of its officers, directors, employees, contractors or agents, or any third party to whom Business Associate has disclosed PHI contrary to the sections of this Contract or applicable law. Business Associate is solely responsible for all decisions made, and actions taken, by Business Associate regarding the safeguarding, use and disclosure of PHI within its possession, custody or control.
- (7) Indemnification. The Business Associate shall indemnify and hold the Covered Entity harmless from and against any and all claims, liabilities, judgments, fines, assessments, penalties, awards and any statutory damages that may be imposed or assessed pursuant to HIPAA, as amended or the HITECH Act, including, without limitation, attorney's fees, expert witness fees, costs of investigation, litigation or dispute resolution, and costs awarded thereunder, relating to or arising out of any violation by the Business Associate and its agents, including subcontractors, of any obligation of Business Associate and its agents, including subcontractors, under this section of the contract, under HIPAA, the HITECH Act, the Privacy Rule and the Security Rule.

2. **Americans with Disabilities Act.** The Contractor shall be and remain in compliance with the Americans with Disabilities Act of 1990 (<http://www.ada.gov/>) as amended from time to time ("Act") to the extent applicable, during the term of the Contract. The Agency may cancel or terminate this Contract if the Contractor fails to comply with the Act. The Contractor represents that it is familiar with the terms of this Act and that it is in compliance with the law. The Contractor warrants that it shall hold the State harmless from any liability which may be imposed upon the state as a result of any failure of the Contractor to be in compliance with this Act. As applicable, the Contractor shall comply with section 504 of the Federal Rehabilitation Act of 1973, as amended from time to time, 29 U.S.C. § 794 (Supp. 1993), regarding access to programs and facilities by people with disabilities.
3. **Utilization of Minority Business Enterprises.** The Contractor shall perform under this Contract in accordance with 45 C.F.R. Part 74; and, as applicable, C.G.S. §§ 4a-60 to 4a-60a and 4a-60g to carry out this policy in the award of any subcontracts.
4. **Priority Hiring.** Subject to the Contractor's exclusive right to determine the qualifications for all employment positions, the Contractor shall give priority to hiring welfare recipients who are subject to time-limited welfare and must find employment. The Contractor and the Agency shall work cooperatively to determine the number and types of positions to which this Section shall apply.

5. Non-discrimination.

(a) For purposes of this Section, the following terms are defined as follows:

- (1) "Commission" means the Commission on Human Rights and Opportunities;
- (2) "Contract" and "contract" include any extension or modification of the Contract or contract;
- (3) "Contractor" and "contractor" include any successors or assigns of the Contractor or contractor;
- (4) "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose.
- (5) "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations;
- (6) "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements;
- (7) "marital status" means being single, married as recognized by the State of Connecticut, widowed, separated or divorced;
- (8) "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or a record of or regarding a person as having one or more such disorders;
- (9) "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise, and (3) who are members of a minority, as such term is defined in subsection (a) of Connecticut General Statutes § 32-9n; and
- (10) "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section, the terms "Contract" and "contract" do not include a contract where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, (2) a quasi-public agency, as defined in Conn. Gen. Stat. Section 1-120, (3) any other state, including but not limited to any federally recognized Indian tribal governments, as defined in Conn. Gen. Stat. Section 1-267, (4) the federal government, (5) a foreign government, or (6) an agency of a subdivision, agency, state or government described in the immediately preceding enumerated items (1), (2), (3), (4) or (5).

(b) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious

creed, age, marital status, national origin, ancestry, sex, gender identity or expression, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved; (2) the Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission; (3) the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under this section and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the Contractor agrees to comply with each provision of this Section and Connecticut General Statutes §§ 46a-68e and 46a-68f and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes §§ 46a-56, 46a-68e and 46a-68f; and (5) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this Section and Connecticut General Statutes § 46a-56. If the contract is a public works contract, the Contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works projects.

(c) Determination of the Contractor's good faith efforts shall include, but shall not be limited to, the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.

(d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.

(e) The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes §46a-56; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

(f) The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.

(g) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which such Contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes § 46a-

56; and (4) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the provisions of this Section and Connecticut General Statutes § 46a-56.

(h) The Contractor shall include the provisions of the foregoing paragraph in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

6. Freedom of Information.

(a) Contractor acknowledges that the Agency must comply with the Freedom of Information Act, C.G.S. §§ 1-200 *et seq.* (“FOIA”) which requires the disclosure of documents in the possession of the State upon request of any citizen, unless the content of the document falls within certain categories of exemption, as defined by C.G.S. § 1-210(b).

(b) Governmental Function. In accordance with C.G.S. § 1-218, if the amount of this Contract exceeds two million five hundred thousand dollars (\$2,500,000), and the Contractor is a “person” performing a “governmental function”, as those terms are defined in C.G.S. §§ 1-200(4) and (11), the Agency is entitled to receive a copy of the Records and files related to the Contractor’s performance of the governmental function, which may be disclosed by the Agency pursuant to the FOIA.

7. Whistleblowing. This Contract is subject to C.G.S. § 4-61dd if the amount of this Contract is a “large state contract” as that term is defined in C.G.S. § 4-61dd(h). In accordance with this statute, if an officer, employee or appointing authority of the Contractor takes or threatens to take any personnel action against any employee of the Contractor in retaliation for such employee’s disclosure of information to any employee of the Contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under subsection (a) of such statute, the Contractor shall be liable for a civil penalty of not more than five thousand dollars (\$5,000) for each offense, up to a maximum of twenty per cent (20%) of the value of this Contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day’s continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state Contractor, as defined in the statute, shall post a notice of the relevant sections of the statute relating to large state Contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.

8. Executive Orders. This Contract is subject to Executive Order No. 3 of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices; Executive Order No. 17 of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings; Executive Order No. 16 of Governor John G. Rowland, promulgated August 4, 1999, concerning violence in the workplace. This Contract may also be subject to Executive Order 7C of Governor M. Jodi Rell, promulgated July 13, 2006, concerning contracting reforms and Executive Order 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services, in accordance with their respective terms and conditions. All of these Executive orders are incorporated into

and made a part of the Contract as if they had been fully set forth in it. At the Contractor's request, the Agency shall provide a copy of these Orders to the Contractor.

- 9. Campaign Contribution Restrictions.** For all State contracts as defined in C.G.S. § 9-612(g) the authorized signatory to this Contract expressly acknowledges receipt of the State Elections Enforcement Commission's ("SEEC") notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See SEEC Form 11 reproduced below:

www.ct.gov/seecwww.ct.gov/seec



Notice to Executive Branch State Contractors and Prospective State Contractors of Campaign Contribution and Solicitation Limitations

This notice is provided under the authority of Connecticut General Statutes §9-612(g)(2), as amended by P.A. 10-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (*italicized words are defined on the reverse side of this page*).

CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

No *state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor*, with regard to a *state contract or state contract solicitation* with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee (which includes town committees).

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

On and after January 1, 2011, no state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall **knowingly solicit** contributions from the state contractor's or prospective state contractor's employees or from a *subcontractor or principals of the subcontractor* on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

DUTY TO INFORM

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

PENALTIES FOR VIOLATIONS

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—Up to \$2,000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of up to \$2,000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties—Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or not more than \$5,000 in fines, or both.

CONTRACT CONSEQUENCES

In the case of a state contractor, contributions made or solicited in violation of the above prohibitions may result in the contract being voided.

In the case of a prospective state contractor, contributions made or solicited in violation of the above prohibitions shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State shall not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "Lobbyist/Contractor Limitations."



DEFINITIONS

"State contractor" means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. "State contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Prospective state contractor" means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. "Prospective state contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a state contractor or prospective state contractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

"State contract" means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. "State contract" does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

"State contract solicitation" means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

"Managerial or discretionary responsibilities with respect to a state contract" means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

"Dependent child" means a child residing in an individual's household who may legally be claimed as a dependent on the federal income tax of such individual.

"Solicit" means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office; or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

"Subcontractor" means any person, business entity or nonprofit organization that contracts to perform part or all of the obligations of a state contractor's state contract. Such person, business entity or nonprofit organization shall be deemed to be a subcontractor until December thirty first of the year in which the subcontract terminates. "Subcontractor" does not include (i) a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or (ii) an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a subcontractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a subcontractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a subcontractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a subcontractor, which is not a business entity, or if a subcontractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any subcontractor who has managerial or discretionary responsibilities with respect to a subcontract with a state contractor, (v) the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the subcontractor.

[] Original Contract

[] Amendment #____
(For Internal Use Only)

SIGNATURES AND APPROVAL

The Contractor IS or IS NOT a Business Associate under the Health Insurance Portability and Accountability Act of 1996, as amended.

Contractor

Contractor (Corporate/Legal Name of Contractor)

Signature (Authorized Official)

Date

(Typed/Printed Name and Title of Authorized Official)

Agency

Agency Name

Signature (Authorized Official)

Date

(Typed/Printed Name and Title of Authorized Official)

Office of the Attorney General *(Approved as to form)*

_____ Part I of this Contract having been reviewed and approved, as to form, by the OAG, it is exempt from review pursuant a Memorandum of Agreement between the Agency and the OAG dated _____.

Signature

Date

Assistant / Associate Attorney General