



Proposal to Provide

Statewide Cost Allocation Plan

Prepared for the
**State of Washington Office of
Financial Management**

RFP NO. 25-400
July 28, 2025

Maximus US Services, Inc.
2309 West White Oaks Dr.
Suite A
Springfield, IL
217.416.0433



July 28, 2025

Heather Aleckson
State of Washington
Office of Financial Management
RFP Coordinator

RE: RFP NO. 25-400

Dear Heather Aleckson,

Maximus US Services, Inc. (Maximus), a wholly owned subsidiary of Maximus, Inc., is pleased to present to you our proposal to provide a Statewide Cost Allocation Plan to the State of Washington's (State's) Office of Financial Management (Agency). We are confident that you will find our proposal fully compliant with the requirements outlined in the RFP. More importantly, we believe the Agency will find that we have submitted a proposal presenting the very best approach to meeting your cost allocation needs in a thorough and cost-effective manner.

The Agency wants administrative costs incurred on behalf of the federal programs operated by the Agency to be recovered to the maximum extent possible under current guidelines. To achieve this end, the Agency must adequately document these overhead costs, provide justification of their benefit to federal programs, and optimize allocation of overhead costs to Agency Departments with federal programs. Doing so requires the development and use of a Cost Allocation Plan (CAP) that is compliant with the principles and standards of the U.S. Office of Management and Budget (OMB).

With five decades of experience, Maximus is the largest and most experienced firm in the nation providing governmental cost allocation and reporting services. We have successfully demonstrated across the country that our cost allocation services can optimize indirect cost reimbursements. Our methodology and specific tasks are incorporated into our proposal and explain our work plan. Taken together, they represent what we believe to be the technical approach and tasks most appropriate to assisting the Agency at this time.

Maximus submits its proposal based on certain assumptions. That is, Maximus assumes that the Agency will negotiate in good faith certain terms and conditions upon award of the contract. Please refer to our terms and conditions to consider included with *Attachment B: Certifications and Assurances*. This does not denote our proposal is conditional in any way but rather communicates the assumption as to the process through which any resultant contract will be finalized. In accordance with internal procedures adopted by our firm, the Contracts Department of Maximus has the legal authority to negotiate and execute a contract resulting from this procurement. In addition, we have marked sections featuring our client contact information as *Proprietary* to protect their inherent value.

As the Maximus official authorized to submit this quote and bind Maximus to its commitments, I want to express how honored we are to have this opportunity to serve the Agency. Should you have any questions regarding this proposal, please contact me at 217.416.0433 or by email at michaelholmes@maximus.com.

Sincerely,

A handwritten signature in blue ink, reading "Michael Holmes". The signature is fluid and cursive, with the first name "Michael" and last name "Holmes" clearly distinguishable.

Michael Holmes
Associate Managing Director, Consulting
Maximus US Services, Inc.

CONTENTS

1.0	Administrative Requirements	5
a.	Attachment A: Letter of Submittal	6
b.	Attachment B: Bidder Certification and Assurances Form	10
c.	Attachment D: Wage Theft Certification	25
d.	Attachment E: Executive Order 18-03 Contractor Certification	26
e.	Attachment G: References	27
2.0	Technical Proposal	28
2.1	Project Approach/Methodology	28
2.1.1	Our Understanding of the Project	28
2.1.2	Methodology Breakdown	29
2.1.3	MAXCAP – Our Proprietary Software Tool	31
2.1.4	Double Step-Down Cost Methodology	32
2.2	Work Plan	37
2.3	Project Schedule	45
2.4	Deliverables	49
3.0	Management	51
3.1	Project Management	51
3.1.1	Quality Assurance	52
3.2	Project Team Structure/Internal Controls	53
3.2.1	Project Team Roles	54
3.3	Experience of the Bidder	65
3.3.1	Corporate Overview	65
3.4	Experience	67
3.4.1	Preparing & Negotiating Central Service Cost Allocation Plans	71
3.4.2	Providing Assistance to Governmental Agencies	74
3.4.3	Other Relevant Experience	75
3.4.4	Contracts During the Last Five Years	76

1.0 ADMINISTRATIVE REQUIREMENTS

- a. Attachment A: Letter of Submittal**
- b. Attachment B: Bidder Certification and Assurances Form**
- c. Attachment D: Wage Theft Certification**
- d. Attachment E: Executive Order 18-03 Contractor Certification**
- e. Attachment G: References**

Attachment A -

LETTER OF SUBMITTAL FOR RFP 25-400 COST ALLOCATION PLAN

Item #	Item	Your response
1	Name, address, principal place of business, telephone number, and e-mail address of the legal entity or the individual with whom the contract would be written.	Maximus US Services, Inc. 1600 Tysons Blvd. Suite 1400 McLean, VA 22102-4893 703.251.8500 cinziacthomas@maximus.com
2	The name and email address of the contact person for this solicitation	[REDACTED] [REDACTED]
3	Legal status of Bidder (sole proprietorship, partnership, corporation, etc.) and the year the entity was established to do business as it now substantially exists.	Corporation 2007
4	Name, address, and telephone number of each principal officer (President, Vice-President, Treasurer, Chairperson of the Board of Directors, etc.)	Maximus US Services, Inc. 1600 Tysons Blvd. Suite 1400 McLean, VA 22102-4893 703.251.8500 President & CEO – Bruce Caswell (contact info above) CFO – David Mutryn (contact info above) Chief Legal Officer – John Martinez (contact info above)
5	Federal Employer Tax Identification number or Social Security number.	FEIN – 26-0307682
6	The Washington Uniform Business Identification (UBI) number issued by the state of Washington Department of Revenue. If the Bidder does not have a UBI number, the Bidder must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparent Successful Bidder.	UBI 602 855 769 - Maximus US Servies, Inc.
7	Location of the facility from which the Bidder would operate.	2309 West White Oaks Dr. Suite A Springfield, IL 62704
8	Indicate how many employees are with the firm.	14,700 within Maximus US Services, Inc.
9	Identify any state employees or former state employees employed by the Bidder or on the Bidder's governing board as of the date of the Proposal. Include their position and	[REDACTED] [REDACTED]

	responsibilities within the Bidder's organization. If following a review of this information, it is determined by OFM that a conflict of interest exists, the Bidder may be disqualified from further consideration for the award of a contract.	
10	If the Bidder's staff or subcontractor's staff was an employee of the State of Washington during the past 24 months, or is currently a Washington state employee, identify the individual by name, the agency previously or currently employed by, job title or position held, and separation date.	N/A
11	If the Bidder has had a contract terminated for default in the last five years, describe such incident. Termination for default is defined as notice to stop performance due to the Bidder's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Proposer, or (b) litigated and such litigation determined that the Proposer was in default.	N/A
12	If the Bidder or any subcontractor contracted with the state of Washington during the past 24 months, indicate the name of the agency, the contract number and project description and/or other information available to identify the contract.	N/A
13	Submit full details of the terms for default, including the other party's name, address, and phone number. Present the Bidder's position on the matter. OFM will evaluate the facts and may, at its sole discretion, reject the Proposal on the grounds of the experience. If no such termination for default has been experienced by the Bidder in the past five years, so indicate.	N/A
14	A list of all solicitation Amendments for this solicitation downloaded by the Bidder from WEBS and listed in order by Amendment number and date.	Amendment 1 – Correction to Attachment B and Questions and Answers – July 2, 2025

15	A statement substantiating that the person who signs the letter is authorized to contractually bind the Bidder's firm.	Please see our attached Certificate of Corporate Secretary.
16	A statement substantiating that the Bidder meets all the Minimum Qualifications as listed in Section 1.4, Minimum Qualifications.	Maximus US Services, Inc. meets all the Minimum Qualifications as listed in Section 1.4, Minimum Qualifications.
17	Identification of the page numbers on the Bidder's Proposal that are marked "Proprietary Information".	Pages 77-82

By signing this document, I accept the terms and conditions of this solicitation.

Cinzia Thomas _____
Name

Cinzia Thomas

Signature

Sr. Specialist - Contracts _____
Title

July 16, 2025

Date



CERTIFICATE OF CORPORATE SECRETARY

The undersigned Secretary of Maximus US Services, Inc. (the “Corporation”) hereby certifies that Cinzia Thomas, Sr. Specialist - Contracts, has been authorized by the Board of Directors of the Corporation to sign all contractual documents pertaining to RFP NO. 25-400 to provide a Statewide Central Services Cost Allocation Plan to the State of Washington Office of Financial Management. This authorization is provided on behalf of the Corporation in accordance with internal procedures adopted by the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation.

SEAL



A handwritten signature in blue ink, reading "Catherine Scavello", is written over a horizontal line.

Catherine Scavello

Secretary

Date: June 23, 2025

ATTACHMENT B
CERTIFICATIONS AND ASSURANCES

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract:

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by the AGENCY without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
4. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. If there are exceptions to these assurances, I/we have described them in full detail on a separate page attached to this document.
5. I/we understand that the AGENCY will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the AGENCY, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by him/her prior to opening, directly or indirectly, to any other Proposer or to any competitor.
7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
9. I/we grant the AGENCY the right to contact references and others who may have pertinent information regarding the ability of the Bidder and the lead staff person to perform the services contemplated by this RFP.
10. If any staff member(s) who will perform work on this contract has retired from the State of Washington under the provisions of the 2008 Early Retirement Factors legislation, his/her name(s) is noted on a separately attached page.

We (circle one) **are** / **are not** submitting proposed Contract exceptions. (See Section 2.14, Contract and General Terms and Conditions.) If Contract exceptions are being submitted, I/we have attached them to this form.

On behalf of the Bidder submitting this proposal, my name below attests to the accuracy of the above statement.

Cinzia Thomas

Signature of Proposer

Sr. Specialist - Contracts

July 11, 2025

Title

Date

Return to Procurement Coordinator with bid response. Failure to submit will result in disqualification.

Maximus US Services, Inc. ("Maximus" or "Contractor") is pleased to submit its proposal to the State of Washington Office of Financial Management (the "Agency"). Our submission in response to this solicitation shall not constitute a binding offer; and no contract shall form between Maximus and the Agency as the result of the Agency's selection of Maximus unless such contract contains mutually acceptable language, including, but not limited to a reasonable limit on our liability, termination, insurance, and indemnification obligations.

Specifically, Maximus has (i) provided a redline version of the contract (ii) listed all our changes, additions, and exceptions desired below, (iii) provided an explanation of why we are requesting each change, addition, or exception; and (iv) included the specific effect such changes will have on our ability to perform the requirements of the solicitation. Please note, additions to the provisions are identified in red underlined text, and deletions are identified in ~~red strike through text.~~

Section 2.20 Insurance Coverage of RFP p. 14

We have updated the insurance requirements in our Request for Proposal (RFP) to better reflect current insurance industry standards and clarify what is and isn't covered. These updates are intended to ensure transparency and alignment with how insurance policies are actually written and enforced today.

First, it's important to understand that not all coverages listed in contract insurance requirements will appear on a Certificate of Insurance. Certificates are summary documents and may not reflect every detail of the actual policy. The insurance policy itself is the definitive source of coverage.

General Liability Insurance only applies when Maximus is legally responsible for causing bodily injury or property damage. If there is no injury or damage caused by Maximus, the policy does not provide coverage. This also applies to contractual liability coverage, it is not a blanket coverage for the entire contract. It only responds when there is bodily injury or property damage that Maximus is responsible for under the terms of the agreement.

All insurance requirements must be based on current policy forms and practices. This ensures that expectations are realistic and enforceable under today's standards.

For property insurance, it's important to note that no one can be named as an "Additional Insured." That designation only applies to liability policies. For property policies, the appropriate designation is "Loss Payee," which allows a party to receive payment in the event of a covered loss.

Regarding cancellation notices, insurers only issue notices for cancellation or non-renewal. They do not send notices for any other policy changes. Furthermore, not all policies include third-party cancellation notice provisions. For this reason, the updated cancellation notice language in our RFP is non-negotiable.

The ACORD Certificate of Insurance form was revised in 2010. The cancellation section now reads: "Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions." This means that notice will only be provided if the policy itself requires it.

Lastly, insurance policies do not and will not include contract numbers. This is a long-standing industry standard. Therefore, Maximus proposes the following changes to this provision to include the following language in any resulting contract.

The Contractor is to furnish the Agency with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance insurance policies and limits ~~with the insurance requirements set forth as required~~ below.

The Contractor shall, at its own expense, obtain and keep in force the required insurance coverage which shall be maintained in full force and effect during the term of the contract. The Contractor shall furnish evidence in the form of a Certificate of Insurance that the required insurance policies and limits shall be provided, and ~~a copy~~ the certificates of insurance and required endorsements shall be forwarded to the Agency within fifteen (15) days of the contract effective date.

Should a Bidder find the following insurance requirements to be overly burdensome, the Bidder should include in its Letter of Submittal a statement substantiating such. If Bidder makes no such statement in the Letter of Submittal, Agency will assume that the Bidder is able to meet the requirements.

Liability Insurance

1. Commercial General Liability Insurance: Contractor shall maintain commercial general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance shall be written on ISO occurrence from CG 00 01 (or a substitute form providing equivalent coverage). ~~All~~ The CGL insurance policy shall cover bodily injury and/or property damage liability assumed under an insured contract (including the tort liability of another assumed in an business insured contract), and contain separation of insureds (cross liability) condition.

Additionally, the Contractor is responsible for ensuring requiring that any subcontractors provide adequate customary insurance coverage for the activities arising out of subcontracts.

2. Business Auto Liability Policy: As applicable, the Contractor shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance shall cover bodily injury and/or property damage liability arising out of "Any Auto." used by the Contractor. Business auto liability coverage shall be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.

Employers Liability (“Stop Gap”) Insurance: In addition, the Contractor shall buy employers liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

Additional Provisions

Above insurance policy shall include the following provisions:

1. **Additional Insured.** The state of Washington, Office of Financial Management, its elected and appointed officials, agents and employees shall be ~~named~~ included as an additional insured on all general liability, excess, umbrella and ~~property automobile liability~~ insurance policies. All insurance provided in compliance with this contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the state.
2. **Cancellation.** ~~State of Washington, Office of Financial Management, shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications. Insurers subject to 48.18 RCW (Admitted and Regulation by the Insurance Commissioner): The insurer shall give the state 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the state shall be given 10 days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines): The state shall be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, the state shall be given 10 days advance notice of cancellation. Contractor’s insurers shall, according to each insurance policy’s provisions, provide at least 30 days’ prior written notice of cancellation or non-renewal and 10 days’ prior written notice for non-payment of premium to the certificate holder on file with insurers.~~
3. **Identification.** ~~Policy~~ The Certificate of Insurance must reference the state’s contract number and the agency name.
4. **Insurance Carrier Rating.** All insurance ~~and bonds~~ should be issued by companies admitted to do business within the state of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best’s Reports. Any exception shall be reviewed and approved by Office of Financial Management Risk Manager, or the Risk Manager for the state of Washington, before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC
5. **Excess Coverage.** By requiring insurance herein, the state does not represent that coverage and limits will be adequate to protect Contractor, and such coverage and limits shall not limit Contractor’s liability under the indemnities and reimbursements granted to the state in this contract.

Workers’ Compensation Coverage

The Contractor will at all times comply with all applicable workers’ compensation, occupational disease, and occupational health and safety laws, statutes, and

regulations to the full extent applicable. The state will not be held responsive in any way for claims filed by the Contractor or their employees for services performed under the terms of this contract.

Section 6. Billing Procedure and Payment of Attachment C (Sample Contract) p. 3

Maximus submit is open to negotiation of this language but believes the Section 34. Termination for Cause and Section 36. Termination Procedures will provide sufficient remedies to the Department for addressing performance deficiencies. Therefore, Maximus proposed to strike the following language below.

~~The AGENCY may, in its sole discretion, terminate the contract or withhold payments claimed by the CONTRACTOR for services rendered if the CONTRACTOR fails to satisfactorily comply with any term or condition of this contract.~~

Section 10. Insurance of Attachment C (Sample Contract) p. 5

Maximus is a very large company with a very extensive global insurance program that covers all of Maximus, which cannot be changed. General Liability Insurance policies only provide coverage in the event that Maximus is legally responsible for causing bodily injury or property damage to a third party. This means that for the policy to respond, there must be an actual incident involving either bodily injury or property damage that is directly attributable to Maximus. As provided by Our Director of Risk, Maximus proposes the following changes to this provision to include the following language in any resulting contract:

The CONTRACTOR shall provide insurance coverage, which shall be maintained in full force and effect during the term of this contract, as follows:

- a. Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate customary quantity to protect against legal bodily injury and/or property damage liability committed by the CONTRACTOR arising out of contract its activity but no less than \$1,000,000 per occurrence.

Additionally, the CONTRACTOR is responsible for ensuring requiring that any subcontractors provide adequate customary insurance coverage for the activities arising out of subcontracts.

- b. Automobile Liability. In the event that services delivered pursuant to this contract involve the use of vehicles, either owned or unowned by the CONTRACTOR, automobile liability insurance shall be required. The minimum limit for automobile liability is:

\$1,000,000 each accident per occurrence, using a Combined Single Limit for bodily injury and property damage.

- c. The insurance required shall be issued by an insurance company/ies authorized to do business within the state of Washington, and shall name include the state

of Washington, its agents and employees as additional insureds under the Commercial General and Automobile Liability insurance policy/ies.

All policies shall be primary to any other valid and collectable insurance maintained by the state of Washington. ~~CONTRACTOR shall instruct the insurers to give AGENCY thirty (30) calendar days advance notice of any insurance cancellation. Contractor's insurers shall, according to each insurance policy's provisions, provide at least 30 days' prior written notice of cancellation or non-renewal and 10 days' prior written notice for non-payment of premium to the certificate holder on file with insurers.~~

CONTRACTOR shall submit to AGENCY within fifteen (15) calendar days of the contract effective date, a certificate of insurance that outlines the coverage types of insurance policies and limits defined in the Insurance section. CONTRACTOR shall submit renewal certificates as appropriate during the term of the contract.

Section 17. Nondiscrimination of Attachment C (Sample Contract) p. 8

Maximus' liability should reasonably be limited to actual and direct damages and such provision changes ensures that liability is tied to measurable and foreseeable losses, rather than speculative or excessive claims. Additionally the original clause allowing agency to deduct damages from amounts due to the contractor has been removed, as to support a more balanced and fair approach by ensuring that any claims for damages are resolved through appropriate legal and contractual processes, rather than unilateral deductions In accordance with the Agency's response to Supplier Q&A question #4, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

Remedies for Breach. Notwithstanding any provision to the contrary, in the event of Contract termination or suspension for engaging in discrimination, CONTRACTOR, Subcontractor, or both, liability shall be limited to actual, direct shall be liable for contract damages as authorized by law including, but not limited to, any reasonable cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, which damages are distinct from any penalties imposed under Chapter 49.60, RCW. Such damages shall not include indirect, consequential, or punitive damages. AGENCY shall have the right to deduct from any monies due to CONTRACTOR or Subcontractor, or that thereafter become due, an amount for damages CONTRACTOR or Subcontractor will owe AGENCY for default under this provision.

Section 10. Copyright Provisions of Attachment C (General Terms and Conditions) p. 9

Maximus takes exception to the lack of protection for our existing proprietary software. To ensure that Maximus' proprietary software, which is not being licensed for this project, but which may be used in preparing cost allocation plans and the like, is fully and appropriately protected. In accordance with the Agency's response to Supplier Q&A question #10, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

Unless otherwise provided, all materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the AGENCY. The AGENCY shall be considered the author of such materials. In the event the materials are not considered "works for hire" under the U.S. Copyright laws, CONTRACTOR hereby irrevocably assigns all right, title, and interest in materials, including all intellectual property rights, to the AGENCY effective from the moment of creation of such materials.—

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.—

For materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, CONTRACTOR hereby grants to the AGENCY a nonexclusive, royalty free, irrevocable license (with rights to sublicense others) in such materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The CONTRACTOR warrants and represents that CONTRACTOR has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the AGENCY.—

The CONTRACTOR shall exert all reasonable effort to advise the AGENCY, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document that was not produced in the performance of this contract.—

The AGENCY shall receive prompt written notice of each notice or claim of infringement received by the CONTRACTOR with respect to any data delivered under this contract. The AGENCY shall have the right to modify or remove any restrictive markings placed upon the data by the CONTRACTOR.—

To the extent that the Services provided by Contractor are generated by Contractor's proprietary software, nothing contained herein is intended nor shall it be construed to require Contractor to provide such software to the Agency. Agency agrees that it has no claims of ownership, including copyright, patents or other intellectual property rights to Contractor's software. Nothing in this Contract shall be construed to grant Agency any rights to Contractor's materials created prior to the execution of this Contract. All of the deliverables under this Contract are specifically set out in herein.

Section 13. Disallowed Costs of Attachment C (General Terms and Conditions) p. 14

Maximus operates similarly to a tax professional in that we have not been engaged to obtain a specific level of recoveries from the cost allocation plan. Maximus agreed to develop a plan that meets state and federal requirements and to defend that plan in any negotiation or audit and revise as needed. In addition, Maximus could develop a plan that is fully compliant with federal requirements; however, the federal negotiator may

take a contrary position as it is a subjective review. Lastly, if Maximus were responsible for an audit disallowance, the State may be unjustly enriched. For example, Maximus mistakenly enters a \$100,000 for a program that is actually only allocated at \$10,000, resulting in an audit disallowance of \$90,000. The State was only entitled to \$10,000, so it would not make sense for Maximus to pay the \$90,000.

Maximus defends its work at no additional cost to the Agency and will make the necessary changes to correct any errors we make that are uncovered during an audit at no cost. Therefore, it is important that the contract reflect that Maximus is not responsible for missed or lost revenue or audit disallowances. In accordance with the Agency's response to Supplier Q&A question #4, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

Contractor shall, upon notice of audit, make work papers and other records available to the auditors. Contractor's sole responsibility under an audit shall be to provide reasonable assistance to the Agency through the audit and to make changes to the work product required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, regardless of cause.

Section 2. Indemnification of Attachment C (General Terms and Conditions) p. 15

Maximus always seek to limit indemnification to third party claims with all our clients. The State is already protected for any direct damages and indemnification is designed to protect the State and its Indemnified Parties from third party claims. The addition of this language in no way will limit or impact our ability to perform the requirements of this solicitation. In accordance with the Agency's response to Supplier Q&A question #9, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend, and hold harmless State, agencies of State and all officials, agents and employees of State, from and against all third-party claims for injuries or death arising out of or resulting from the performance of the contract. "Claim," as used in this contract, means any financial loss, claim and resulting proven direct, suit, action, damages, or expense, including but not limited to reasonably attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom to the extent proximately caused by the negligent act or willful misconduct on the part of the Contractor.

CONTRACTOR'S obligations to indemnify, defend, and hold harmless includes any third-party claim by CONTRACTORS' agents, employees, representatives, or any subcontractor or its employees.

CONTRACTOR expressly agrees to indemnify, defend, and hold harmless the State for any proven direct damages for third-party claims arising out of or incident to CONTRACTOR'S or any subcontractor's negligent acts or willful misconduct to performance or failure to perform the contract. CONTRACTOR'S obligation to indemnify, defend, and hold harmless the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials. Contractor shall not be responsible for any damages, liabilities, or costs resulting from the negligence or willful misconduct of the State, its employees, or agents or any third party.

CONTRACTOR waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless State and its agencies, officials, agents or employees.

Section 19. Industrial Insurance Coverage of Attachment C (General Terms and Conditions) p. 15

As provided by Our Director of Risk, Maximus proposes the following changes to this provision to include the following language in any resulting contract.

The CONTRACTOR shall comply with the provisions of Title 51 RCW, Industrial Insurance (Workers' Compensation and Employers Liability). If the CONTRACTOR fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, AGENCY may collect from the CONTRACTOR the full amount payable to the Industrial Insurance accident fund. The AGENCY may deduct the amount owed by the CONTRACTOR to the accident fund from the amount payable to the CONTRACTOR by the AGENCY under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the CONTRACTOR.

Section 21. Limitation of Authority of Attachment C (General Terms and Conditions) p. 16

Per Section 18. Approval of the Sample Contract, the contract may only be altered, amended, or waived only by a written amendment executed by both parties. This revision clarifies that the Director's authority is limited to making changes only on behalf of the Agency, not on the behalf of both parties to the contract. This ensures that any changes affecting the Contractor must be mutually agreed upon. Therefore, Maximus proposes the following changes to this provision to include the following language in any resulting contract.

Only the DIRECTOR or DIRECTOR'S delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract, as it pertains to the Agency. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract by the Agency is not effective or binding unless made in writing and signed by the DIRECTOR.

Section 24. Privacy of Attachment C (General Terms and Conditions) p. 16

In accordance with the Agency's response to Supplier Q&A question #9, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

Personal information including, but not limited to, "Protected Health Information," collected, used, or acquired in connection with this contract shall be protected against unauthorized use, disclosure, modification or loss. CONTRACTOR shall ensure its directors, officers, employees, subcontractors or agents use personal information solely for the purposes of accomplishing the services set forth herein. CONTRACTOR and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as otherwise required by law.

Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The CONTRACTOR agrees to indemnify and hold harmless the AGENCY for any third-party proven direct damages related to the CONTRACTOR'S unauthorized use of personal information.

Section 34. Termination for Cause of Attachment C (General Terms and Conditions) p. 18

Revising this provision to limit Contractor's liability to damages resulting from their breach of contract fairly protects Maximus from disproportionate risks while still holding us accountable for any genuine resulting damages. Costs for replacement services upon termination of a services-based contract can be difficult to estimate. In addition, we respectfully propose removing the provision that allows the Agency to withhold payment to the Contractor. In accordance with the Agency's response to Supplier Q&A question #6, 7, & 11, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

In the event the AGENCY determines the CONTRACTOR has failed to comply with the conditions of this contract in a timely manner, the AGENCY has the right to suspend or terminate this contract. Before suspending or terminating the contract, the AGENCY shall notify the CONTRACTOR in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the CONTRACTOR shall be liable for direct damages arising solely from the Contractor's breach of contract as authorized by law ~~including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.~~

To the extent permissible by law, Agency agrees that Contractor's total liability to the Agency, or any third party, for any and all damages whatsoever arising out of, or in any way related to, this Contract from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed the base contract value.

In no event shall Contractor be liable for indirect, special, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought even if Contractor has been advised of the likelihood of such damages, and notwithstanding any failure of essential purpose of any limited remedy.

Any claim by Agency against Contractor relating to this Contract must be made in writing and presented to Contractor within one (1) year after the date on which Contractor completes performance of the services specified in this Contract.

The AGENCY reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the CONTRACTOR from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the CONTRACTOR or a decision by the AGENCY to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the CONTRACTOR: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of the AGENCY provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

Section 35. Termination for Convenience of Attachment C (General Terms and Conditions) p. 18

In accordance with the Agency's response to Supplier Q&A question #4, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

Except as otherwise provided in this contract, the AGENCY may, by 10 30 calendar days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the AGENCY shall be liable reasonable costs incurred by Contractor due to early termination only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

Section 36. Termination Procedures of Attachment C (General Terms and Conditions) p. 18

In accordance with the Agency's response to Supplier Q&A question #4 & 5, which indicated the Agency's review of exceptions submitted, Maximus submits a sample revised provision for the Agency's consideration below.

Upon termination of this contract, the AGENCY, in addition to any other rights provided in this contract, may require the CONTRACTOR to deliver to the AGENCY any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The AGENCY shall pay to the CONTRACTOR the agreed upon price, if separately stated, for completed work and services accepted by the AGENCY, and the amount agreed upon by the CONTRACTOR and the AGENCY for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by the AGENCY, and (iv) the protection and preservation of property, unless the termination is for default, in which case the DIRECTOR shall determine the extent of the liability of the AGENCY. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. ~~The AGENCY may withhold from any amounts due the CONTRACTOR such sum as the DIRECTOR determines to be necessary to protect the AGENCY against potential loss or liability.~~

The rights and remedies of the AGENCY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the DIRECTOR, the CONTRACTOR shall:

- a. Stop work under the contract on the date, and to the extent specified, in the notice;
- b. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
- c. Assign to the AGENCY, in the manner, at the times, and to the extent directed by the DIRECTOR, all of the rights, title, and interest of the CONTRACTOR under the orders and subcontracts so terminated, in which case the AGENCY has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- d. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the DIRECTOR to the extent DIRECTOR may require, which approval or ratification shall be final for all the purposes of this clause;
- e. Transfer title to the AGENCY and deliver in the manner, at the times, and to the extent directed by the DIRECTOR any property which, if the contract had been completed, would have been required to be furnished to the AGENCY;
- f. Complete performance of such part of the work as shall not have been terminated by the DIRECTOR; and
- g. Take such action as may be necessary, or as the DIRECTOR may direct, for the protection and preservation of the property related to this contract, which is in the possession of the CONTRACTOR and in which the AGENCY has or may acquire an interest.

Upon termination for whatever reason and regardless of the nature of the breach (if any), Agency agrees to pay Contractor in full for all goods and/or services provided to Agency under this Contract, or any amendment thereto, as of the effective date of termination of the Contract.

Litigation Reimbursement - Additional Clause Requested

Maximus has been previously requested by States to assist in various stages of litigation without any guarantee of payment for those services. This provision is designed to ensure Maximus receives payment from the Agency in the event that Maximus provides assistance in unrelated third-party litigation brought against the Agency. Maximus therefore proposes to include the following language in any resulting contract:

If Contractor is requested by Agency to produce Contractor deliverables, documents, records, working papers, or personnel for testimony or interviews with respect to this Contract or any services provided hereunder for any third party matter, litigation or otherwise, then Agency and Contractor shall execute a change order or new services contract for the sole purpose of setting forth any payment and the terms associated with Contractor's response and related to the reasonable fees of Contractor in responding. The foregoing does not: (1) diminish or negate Contractor's obligation to negotiate and defend all cost allocation plans and State mandated cost claims as specifically provided for under this Contract; or (2) apply in the event Contractor is compelled by subpoena from a third party to provide Contractor deliverables, documents, records, working papers, or personnel for testimony or interviews.

Data Accuracy – Additional Clause Requested

Maximus does not have an obligation to audit the Agency's data and shall be entitled to assume that data provided by the Agency is accurate. As such, Maximus proposes to include the following language in any resulting contract:

Contractor shall provide guidance to the Agency in determining the data required. The Agency represents that all financial and statistical information provided to Contractor by Agency, its employees and/or agents is accurate and complete to the best of Agency's knowledge. The Agency further acknowledges and agrees that Contractor shall be entitled to rely upon the accuracy and completeness of the data to perform the services. Agency shall provide all such data in a timely manner sufficient to allow Contractor to provide the services. Contractor shall have no liability to Agency whatsoever if Agency provides incomplete or inaccurate data or provides data in an untimely manner.

Equitable Adjustment – Additional Clause Requested

Maximus requests the addition of equitable adjustment language to allow the Parties to negotiate an amendment to the Contract should the assumptions, scope of work, or applicable legal rules and regulations change that materially impact the performance requirements, affecting Maximus' price. Such Equitable Adjustment language will in no way limit or impact our ability to perform under the Contract and will ensure that this solicitation remains fair and equitable to both Parties throughout the life of the Contract.

In the event that (a) the basic assumptions under which (i) the Contract was executed and/or (ii) the proposal was submitted in response to the RFP have materially changed or have proven to be inaccurate, or (b) a Party wishes to make a changes to the scope

of services, or (c) there has been a change to State or Federal laws, rules, regulations or policies (including but not limited to laws, rules, regulations or policies affecting taxes, wage, requirements, or data information security), or (d) or there has been an incorrect wage determination, and as a result of one or more of the foregoing, there is a financial impact on the Contractor, either Party may issue a change request and the Parties shall negotiate an amendment to the contract detailing the nature of the change and impact on the performance requirements and liabilities as well as an appropriate equitable adjustment to the Contractor's price.

Force Majeure – Additional Clause Requested

Excusing performance in the event of unforeseeable circumstances protects both parties for events beyond either's control. This provision ensures neither side is unfairly penalized for delays or non-performance caused by such events. Accordingly, Maximus proposes including the following language in any resulting contract.

Neither party shall be in default by reason of any failure in performance of this Contract in accordance with reasonable control and without fault or negligence on their part. Such causes may include, but are not restricted to, acts of nature or the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, but in every case the failure to perform such must be beyond the reasonable control and without the fault or negligence of the party.

Attachment D
Contractor Certification
Wage Theft Prevention – Responsible Bidder Criteria

Prior to awarding a contract, agencies are required to determine that a bidder is a 'responsible bidder.' See RCW 39.26.160(2) & (4). Pursuant to legislative enactment in 2017, the responsible bidder criteria shall include a contractor certification that the contractor has not willfully violated Washington's wage laws. See Chap. 258, 2017 Laws (enacting SSB 5301).

OFM Procurement Number: 25-400 for Cost Allocation Plan

I hereby certify, on behalf of the firm identified below, as follows (check one):

X ☐ **NO WAGE VIOLATIONS.** This firm has NOT been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in [RCW 49.48.082](#), any provision of RCW chapters [49.46](#), [49.48](#), or [49.52](#) within three (3) years prior to the date of the above-referenced procurement solicitation date.

OR

☐ **VIOLATIONS OF WAGE LAWS.** This firm has been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in [RCW 49.48.082](#), a provision of RCW chapters [49.46](#), [49.48](#), or [49.52](#) within three (3) years prior to the date of the above-referenced procurement solicitation date.

I hereby certify, under penalty of perjury under the laws of the State of Washington, that the certifications herein are true and correct and that I am authorized to make these certifications on behalf of the firm listed herein.

FIRM NAME: MAXIMUS US SERVICES, INC.

Name of Contractor/Bidder – Print full legal entity name of firm

By: Cinzia Thomas
Signature of authorized person

Cinzia Thomas _____
Print Name of person making certifications for firm

Title: Sr. Specialist - Contracts
Title of person signing certificate

Place: Ellenwood, Georgia
Print city and state where signed

Date: July 11, 2025

Return to Procurement Coordinator with bid response. Failure to submit will result in disqualification.

Attachment E
CONTRACTOR CERTIFICATION
EXECUTIVE ORDER 18-03 – WORKERS’ RIGHTS
WASHINGTON STATE GOODS & SERVICES CONTRACTS

Pursuant to the Washington State Governor’s Executive Order 18-03 (dated June 12, 2018), the Washington State Office for Regulatory Innovation and Assistance is seeking to contract with qualified entities and business owners who certify that their employees are not, as a condition of employment, subject to mandatory individual arbitration clauses and class or collective action waivers.

OFM Procurement Number: 25-400 for Cost Allocation Plan

I hereby certify, on behalf of the firm identified below, as follows (check one):

☒ **NO MANDATORY INDIVIDUAL ARBITRATION CLAUSES AND CLASS OR COLLECTIVE ACTION WAIVERS FOR EMPLOYEES.** This firm does NOT require its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

OR

☐ **MANDATORY INDIVIDUAL ARBITRATION CLAUSES AND CLASS OR COLLECTIVE ACTION WAIVERS FOR EMPLOYEES.** This firm requires its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

I hereby certify, under penalty of perjury under the laws of the State of Washington, that the certifications herein are true and correct and that I am authorized to make these certifications on behalf of the firm listed herein.

FIRM NAME: MAXIMUS US SERVICES, INC.

Name of Contractor/Bidder – Print full legal entity name of firm

By: Cinzia Thomas
Signature of authorized person

Cinzia Thomas
Print Name of person making certifications for firm

Title: Sr. Specialist - Contracts
Title of person signing certificate

Place: Ellenwood, Georgia
Print city and state where signed

Date: July 11, 2025

Return to Procurement Coordinator with bid response. Failure to submit will result in disqualification.

ATTACHMENT G

References for RFP 25-400 Cost Allocation Plan

References for Bidder	Name, Address, Telephone Number, email address	Briefly describe the type of services provided
1	[REDACTED]	Prepare the state's Statewide Cost Allocation Plan in accordance with 2 CFR 200. The Statewide Cost Allocation Plan (SWCAP) reports both billed charges and the cost allocation of non-billed services from the state's central service agencies to other agencies of the state. Maximus is also responsible for the cost allocation plans and rate development models for Information Technology, Facilities Management and Fleet Operations. Maximus manages the negotiation with DHHS-CAS for the State and specializes in the negotiation of excess retained earnings balances for billed services.
2	[REDACTED]	Prepare the state's Statewide Cost Allocation Plan in accordance with 2 CFR 200. The Statewide Cost Allocation Plan (SWCAP) reports both billed charges and the cost allocation of non-billed services from the state's central service agencies to other agencies of the state. Maximus also prepares the federal building rates for over 20 state buildings. Maximus is responsible for the negotiation with DHHS-CAS for the State.
3	[REDACTED]	Prepare the state's Statewide Cost Allocation Plan in accordance with 2 CFR 200. The Statewide Cost Allocation Plan (SWCAP) reports both the cost allocation of non-billed services and billed services from the state's central service agencies. Maximus has assisted Alaska in transferring many of their non-billed allocated costs into direct billed services to ensure recovery of the cost of those services. Maximus oversees the negotiation of the SWCAP with DHHS-CAS for the State.

By submitting a proposal in response to this solicitation, the Bidder and team members grant permission to Agency to contact these references and others, who from Agency's perspective, may have pertinent information. Agency may or may not, at its discretion, contact references. Agency may evaluate references at Agency's discretion.

Return to Procurement Coordinator with bid response. Failure to submit will result in disqualification.

2.0 TECHNICAL PROPOSAL

2.1 Project Approach/Methodology

In today's economic environment, recovering federal money for state and local programs is a critical component of the Washington State (State) Office of Financial Management's (Agency's) budget process. Maximus US Services, Inc. (Maximus) brings extensive knowledge of the Statewide Cost Allocation Plan (SWCAP) landscape, and we can review your internal procedure with a perspective honed from decades of cost allocation experience across the United States. We bring a structured methodology, easily adapted for the Agency, state-of-the-art tools, and a financially strong corporation standing behind our work with the resources to support the State in any contingency. Further, our skilled and seasoned staff have years of experience working with the U.S. Department of Health and Human Services/Cost Allocation Services (HHS/CAS) negotiators and will develop defensible recommendations that can improve your process and resulting recoveries.

2.1.1 Our Understanding of the Project

A SWCAP comprises two sections:

- **Section I** provides an annual summary of the state's allocated indirect (overhead) costs, based on a single State Fiscal Year (FY) of expenditures and activities. Section I is used to identify additional costs incurred by the State in the administration and support of individual State Agencies, Universities, and other affiliated organizations. Each organization can incorporate their SWCAP allocation into their federal cost recovery models.
- **Section II** identifies services that are direct billed to state agencies that may be reimbursed by the federal government. The state must provide necessary documentation to the federal government to permit approval of the state's methods used to directly bill services to agencies. The objective of the Section II federal requirements is to ensure that billing rates are recovering the actual cost of providing the services.

Annually, each state is required to file a SWCAP with HHS/CAS, the cognizant Federal agency, to recover allocated (Section I) costs and reconcile over/under recovery for Direct Billed (Section II) services. The Uniform Guidance (2 CFR Part 2000) and the Assistant Secretary of Management and Budget (ASMB) C-10 outline the requirements of these submissions which must be documented, reconciled, and negotiated.

The Agency is seeking a contractor to prepare the SWCAP Section I and Section II Reports based on State financial information from Fiscal Year (FY) 2025. The Agency may choose to extend the contract for up to four (4) more one-year periods, to include FYs 2026, 2027, 2028 and 2029. In addition, the Agency is seeking assistance in the resulting negotiations of the Section I costs with the federal government.

The allocated costs from the SWCAP will be used by Washington agencies as one of the cost components for developing the Indirect Cost Rates (ICRs) that are applied to Federal grants and programs for cost reimbursement purposes.

A cornerstone of our continued success in providing professional services to government clients is our commitment to finding innovative cost allocation techniques that can be used to optimize federal and state reimbursements. Maximus employs the latest cost accounting techniques to justify user fee charges and other chargeback systems. We believe that to maintain our competitive edge and best serve our clients, we must continue to be at the forefront of innovative approaches to assist government officials with the complicated issues that they face today. As a result, our national network of practitioners is constantly researching new ways to generate greater recoveries for our clients and sharing strategies with each other to benefit our clients.

2.1.2 Methodology Breakdown

Maximus has assisted thousands of state and local governments and public entities to recover millions of dollars through our proven cost allocation processes. We continually strive to perfect our distinctive methodology, illustrated in *Exhibit 2.1.2-1: Maximus Cost Allocation Methodology*, to deliver the best results to our clients. The methodology is modular and encompasses the varying approaches that our clients may take, allowing us to apply different components in varying situations so that we can easily customize our activities to meet your specific needs. We will process the CAP using MAXCAP™, our proprietary cost allocation software solution that simplifies and streamlines the process of developing CAPs. A proven solution, the Maximus methodology and computerized double stepdown cost allocation system has been reviewed and accepted by all federal cognizant agencies to which our plans have been submitted. Highlights of our best practices for preparing CAPs include:

- Employing a structured methodology to attain consistent, high-quality, auditable results
- Utilizing our proprietary software tool that has the capability to prepare CAPs flexibly and efficiently
- Employing a “Double Step-Down Allocation” of costs to make sure that all recoverable costs are appropriately allocated
- Following a structured work plan that incorporates all required elements necessary to create the CAP and provide support as needed during the claiming process.

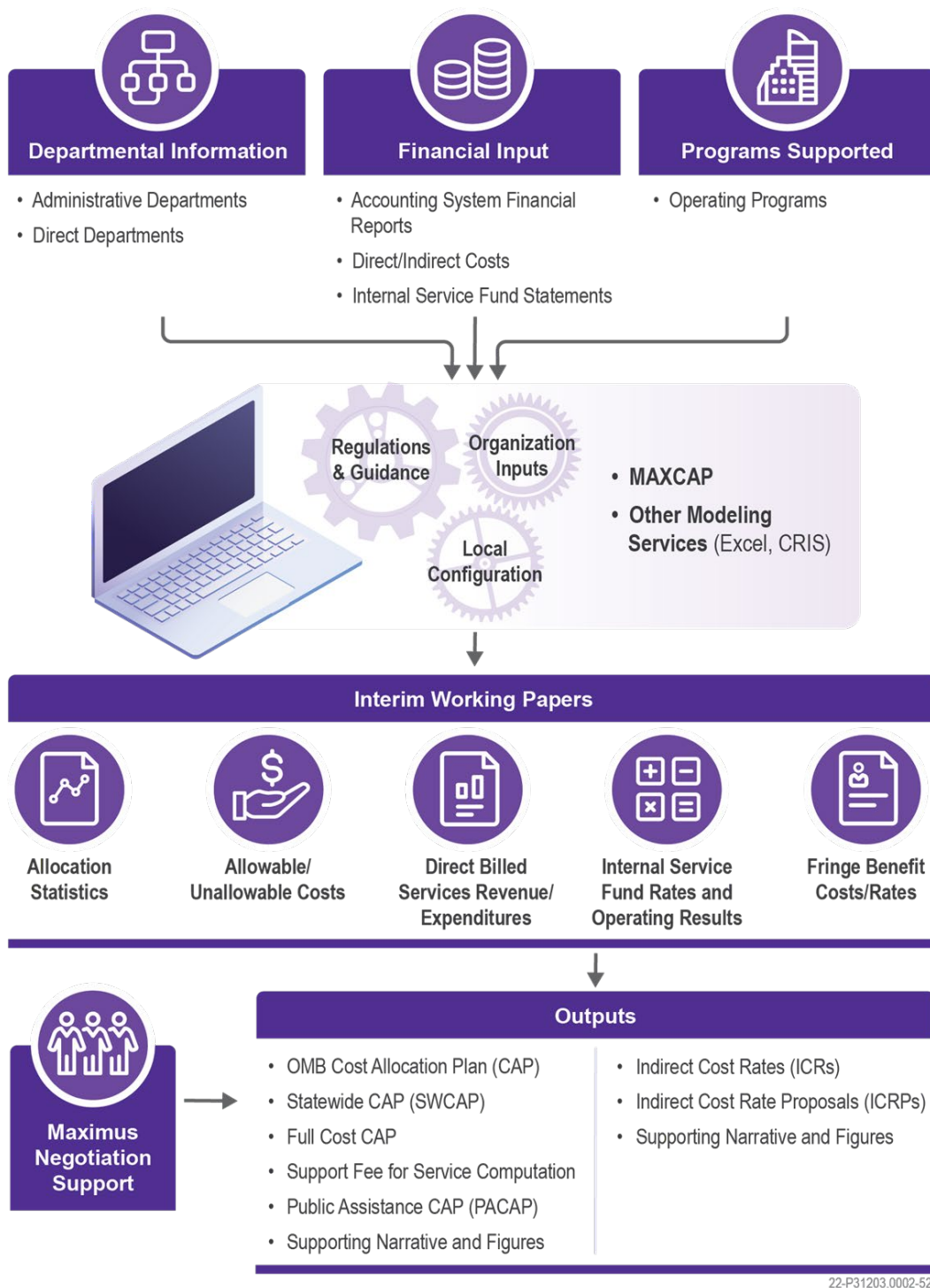


Exhibit 2.1.2-1: Maximus Cost Allocation Methodology: *The Maximus cost allocation methodology provides a structured approach that is easily customizable to meet the specific circumstances of the Agency.*

2.1.3 MAXCAP – Our Proprietary Software Tool

Maximus follows our time-tested, proven, and results driven methodology, providing the Agency the advantage of our proprietary tool, the consistency provided by our project management practices, and the assurance that Maximus deliverables will be of the highest quality. A reliable software application is a critical component of this engagement as accurate cost allocation is the cornerstone to the Agency's realization of expected revenue. Maximus invested company resources in developing a proprietary system to provide our clients with more than just a complex spreadsheet; our experiences have proven that a spreadsheet does not suffice in providing the computations or flexibility required to achieve the best outcomes. The software application should eliminate the guesswork that often results when spreadsheets are used to perform financial cost allocation. In order to deliver CAPs that are tailored to our client's unique requirements and circumstances, we need a tool that is powerful enough to quickly evaluate different scenarios with multiple variables and parameters.

To ensure that we meet these criteria, Maximus uses MAXCAP™, our proprietary cost allocation solution that simplifies and streamlines the process of developing CAPs and provides our clients with a CAP that is both optimized and defensible.



MAXCAP is the result of more than 30 years of continuous development and refinement. Unlike spreadsheet cost allocation solutions, our systems are designed specifically for CAP preparation. MAXCAP supports our data collection, interview questions, data validation, and reporting, and it structures the required cost plan report to comply with accounting guidelines. It allows us to evaluate alternative allocation bases and to quickly assess the impact of changes during the negotiation process, providing the Agency with the mechanisms to develop viable alternatives. Further, the Maximus computerized double step-down cost allocation methodology has been reviewed and accepted by all federal cognizant agencies to which our plans have been submitted.

MAXCAP Features

MAXCAP is backed by an industry-standard relational database system making the process of exporting data simple and easy. This program is versatile enough to run both a statewide and local government CAP. Tools such as Microsoft Excel simply cannot match this kind of sophistication. With our software, you get a variety of unique features, as shown in *Exhibit 2.1.3-1: MAXCAP Exclusive Features*.

Strong integration with Excel for easy and intuitive data entry and editing.

No guessing at formulas and links between formulas; linked formulas do not get lost in extensive calculations between cells.

Multiple “step-downs” that redirect costs allocated to the administrative units onward to direct service units are routine. Most vendors that use Excel only perform a single step-down.

A clear paper trail of documentation and narratives for auditors.

A database that maintains multiple models so that year-to-year comparisons and trends can be analyzed.

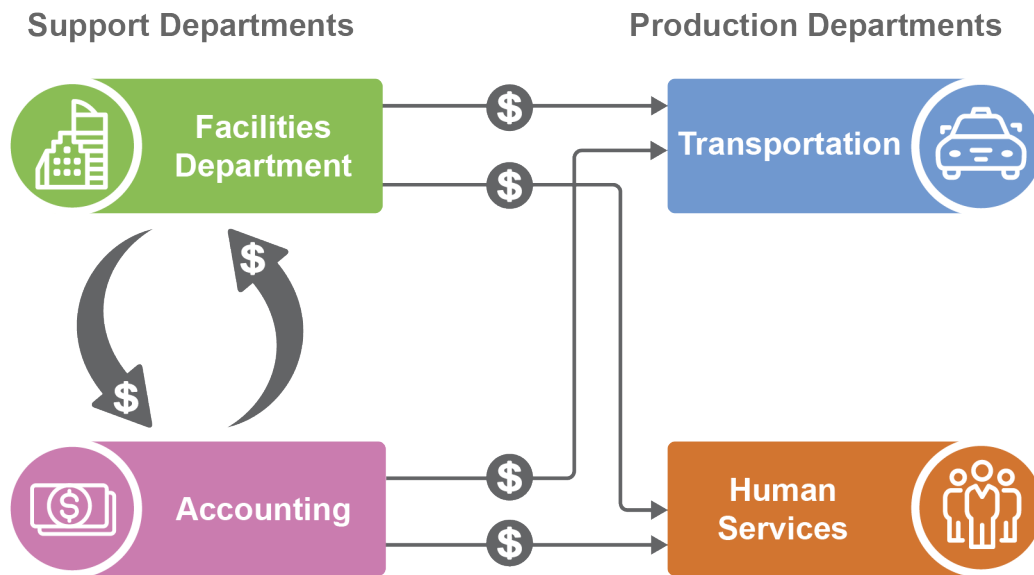
P31203.002-72

Exhibit 2.1.3-1: MAXCAP Exclusive Features. *Maximus proprietary software, MAXCAP offers the Agency exclusive features to produce the most optimal, accurate CAPs.*

2.1.4 Double Step-Down Cost Methodology

MAXCAP applies a double step-down methodology in its cost allocation calculations. Because central service departments provide services to other central service departments, a double step-down procedure ensures the accurate allocation of costs. Simply stated this allows all central service departments to allocate costs to all other central service departments. Since the central service departments cannot simultaneously allocate their costs, the process must be done sequentially, one department after another. The second step-down allows for the equitable allocation of the costs each central service department receives from another.

To demonstrate the potential inequity of a single step-down, consider the costs of the **Accounting** department and of the **Facilities** department as shown in *Exhibit 2.1.4-1 Double Step-Down Methodology*.



20-P31203.0002-26

Exhibit 2.1.4-1 Double Step-Down Methodology ensures the accurate allocation of costs.

Accounting processes the purchase orders for the materials and supplies that **Facilities** uses to serve other departments. This cost is rightfully allocable to all the departments that **Facilities** serves. If **Accounting** allocates its costs after **Facilities** allocates its costs using a single step-down, then the costs that are attributable to the services provided to **Facilities** will be prorated to the other departments served by **Accounting**. This method can then send costs to departments disproportionate to the benefit received from those costs.

Similarly, **Facilities** provides services to **Accounting**. If Accounting allocates its costs after Purchasing allocates its costs using single step-down, then the costs that are attributable to the services provided to **Accounting** will be prorated to the other departments served by **Facilities**.

Maximus' Two-Phase Approach

Our engagement with the Agency will comprise two (2) major phases:

Phase One: Develop the Central Services Statewide Cost Allocation Plan

The first step in our process is preparing the SWCAP. As we have already discussed, preparing the State's SWCAP will include:

- Developing a central services cost allocation plan (Section I) including 6 allocated departments
- Development of information on thirty-one (31) billed internal services (Section II)
- Submission, negotiation, and approval of the SWCAP by HHS/CAS

While all SWCAPs share similarities, we have observed that States fluctuate greatly on how they offer and fund their services. What may be designated as an *allocated cost* in some states might be designated as a *billed service* in other states.

Because much of 2 CFR Part 200 is left open to interpretation by the individual CAS field officer who will be reviewing and negotiating the State's SWCAP, Maximus uses its unique familiarity and existing relationship with many CAS negotiators (and their varying interpretations of OMB guidelines) to guide our strategic approach to helping the State. Our ability to foresee potential problems before they arise will reduce confusion and burden on your finance staff.

1) Section I – Central Services Cost Allocation Plan

Our first step is to prepare an Allocation of non-billed, central service costs benefiting state agencies. In the initial year of our engagement, we will assess the prior year SWCAP and review each central service with State officials to ensure we have a complete and full understanding of the activities allocated in the report. We will evaluate the report to determine if there are eligible services included in other State SWCAPs that are not part of the Washington SWCAP. We will bring a fresh perspective to the Washington SWCAP and compare it with the 18 other SWCAPs we prepare. A complete review of all Washington agencies will be conducted to ensure they are properly identified in the SWCAP to receive allocated central service costs.

We will review descriptions of each central service and the historical allocation statistics to verify they are the most appropriate while also providing optimal recoveries for the State.

Per 2 CFR Part 200, the Section I report should include (a) a projection of the next year's allocated central service cost (based either on actual costs for the most recently completed year or the budget projection for the coming year), and (b) a reconciliation of actual allocated central service costs to the estimated costs used for either the most recently completed year or the year immediately preceding the most recently completed year. Appendix V of 2 CFR Part 200 also requires the Section I report to include the following information for each allocated central service:

- A brief description of the service
- An identification of the unit rendering the service and the operating agencies receiving the service
- the items of expense included in the cost of the service,
- the method used to distribute the cost of the service to benefiting agencies,
- a summary schedule showing the allocation of each service to the specific benefiting agencies.

2) Section II – Billed Services

Our second step will be the collection of information and development of the Section II report. Maximus will prepare the Section II reconciliation reports each direct billed service in compliance with the reporting requirements.

The State's reporting requirements for all thirty-one (31) direct billed services is described in 2 CFR Part 200 Appendix V, Section E.3.b.(1). For each internal service fund or similar activity with an operating budget of \$5 million or more, the plan must include a:

- Brief description of each service;
- Balance sheet for each fund based on individual accounts contained in the governmental unit's accounting system;
- Revenue/expenses statement, with revenues broken out by source, e.g., regular billings, interest earned, etc.;
- Listing of all non-operating transfers (as defined by Generally Accepted Accounting Principles (GAAP) into and out of the fund;
- Description of the procedures (methodology) used to charge the costs of each service to users, including how billing rates are determined;
- Schedule of current rates;
- Schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service, as determined under this Part, with an explanation of how variances will be handled

Additional reporting requirements identified in Section E.3.b.(2) includes the requirements for reporting revenues and expenses:

- Revenues must consist of all revenues generated by the service, including unbilled and uncollected revenues. If some users were not billed for the services (or were not billed at the full rate for that class of users), a schedule showing the full imputed revenues associated with these users must be provided.
- Expenses must be broken out by object cost categories (e.g., salaries, supplies, etc.).

As states continue to be challenged to fund services with state general funds, they have turned to direct billing of services to improve the timeline for obtaining the Federal share of funds to provide the service. Maximus has been heavily involved with establishing cost recovery methodologies for many services including IT, telecommunication, fleet management, building rent for owned and lease properties, group insurance and fringe benefits. We have been involved with five statewide initiatives to consolidate information technology services into a centralized service delivery model. This experience along with our history of Section II reporting for our many SWCAP clients has provided us with the expertise to provide excellent guidance in establishing compliant cost recovery models.

As States have increased their reliance on direct billed services, US DHHS CAS has reduced their level of review on the Section I report and increased their emphasis on Section II reporting. Maximus is an expert in advising our clients on how to structure their rate-setting processes to prevent the retained earnings balances from exceeding their 60-day working capital allowances. When CAS identifies billed services with excess retained earnings, they will require the State to identify remedies or in some cases reimburse the Federal government for their share of excess charges. We have the experience to review Section II reports and quickly identify critical issues

that CAS will identify during their review and negotiation process. We also review the trends in each billed service to alert the State in advance of potential issues. We also have extensive experience negotiating resolutions to Section II issues including calculation of the Federal reimbursement amount. We have guided states on how to determine the Federal participation ratio for specific billed services to determine the final amount required for payback.

3) Submittal and Negotiation of SWCAP Approval with Federal Agency

Lastly, we will furnish the Agency with physical and electronic copies of the final SWCAP to submit the reports electronically to the newly required HHS Indirect Cost Allocation System(ICAS) portal. The State will be required to register with the portal, Maximus will offer guidance and assistance, but HHS is requiring the State to control their submissions through ICAS. HHS has closed their New York and San Francisco offices, the only remaining CAS staff are based in Dallas at this time. We have an extensive history of negotiating SWCAP reports with the Dallas CAS staff.

Our consultants will respond to all follow-up questions received from CAS. In practice, we will assess the initial list of CAS questions and identify the items we are able to answer and provide documentation from our SWCAP workpapers. We will develop a second list of items that will require the State to provide additional information and explanation of actions taken by the State. Once we have collected acceptable responses to each CAS question, we will review all responses with our State contacts to obtain their approval prior to sending the official response to CAS. Maximus will take the lead role throughout the entire SWCAP negotiation process, utilizing our vast experience and will only request effort from the State when needed.

While negotiations can sometimes drag on, we will meet with State personnel as often as necessary to see your SWCAP approved. The final stage of this task will be the formal approval from CAS of Section I allocated costs and Section II billed costs.

Phase Two: Indirect Cost Recovery Training and Support

As your cost allocation partner, we strive to provide you with more than the required documentation; we aim to provide your staff with the skills, instruction, and guidance necessary to both expedite plan and rates preparation in future years and to utilize both to their maximum potential. We will provide relevant staff members with in-person instruction and guidance commensurate with their job responsibilities and involvement with the SWCAP and rates.

This process will involve providing instruction and guidance to your staff regarding OMB principles and guidelines and various cost allocation strategies and specifications. To that end, we provide the following services:

- Review current methodologies and recommend enhancements to the process. Subject to the Agency's concurrence, these enhancements will be incorporated into each plan prepared using Maximus costing methodologies.
- Data requirement explanation detailing expected format for the data, record retention and audit procedures, and data security procedures for private and confidential information.

- Offer comment on our general observations during the work that will serve to enhance and expedite the CAP and ICR preparation process during the course of the contract and in future periods.
- Make our staff available to answer questions regarding the project guidance.

The State does not truly benefit from a negotiated SWCAP Section I report unless the individual state agencies incorporate the approved Section I costs into their agency's Indirect Cost Recovery model. Maximus has been developing departmental cost allocation plans (CAP) and Indirect Cost Rate Proposals (ICRP) for over forty years, and we have a long history of assisting our SWCAP clients with communicating the Section I approved costs to their Departments with federal funding sources. For this engagement, Maximus will be available to respond to questions or inquiries from Washington Departments, here are some examples:

- Explain to individual Departments any large shifts in their Section I results, especially when there are large carryforward adjustments factored into the SWCAP results.
- Describe to state departmental staff the process needed to develop a Departmental CAP or ICRP and how to incorporate the SWCAP Section I results into that model.
- On other SWCAP engagements, when our SWCAP project team is onsite, we have presented to financial staff from various departments on recent trends in Cost Allocation approaches as well as any changes or modifications to federal regulations. We end these presentations with a Q&A session to ensure attendees obtain guidance for their agencies.

2.2 Work Plan

The State delivers a wide variety of services to a population of more than 7.9 million people. As such, the State administers multiple programs financed from multiple sources. The Agency is required to develop and maintain a SWCAP for the purpose of charging administrative costs to the appropriate federally financed programs. The Agency is responsible for developing the SWCAP and its related documents on an annual basis.

To successfully prepare the required deliverables for the Agency, a structured approach is necessary to ensure that every aspect and complexity of the plan is satisfactorily addressed, completed in a methodical and quality manner, compliant with all relevant federal and state regulations, and defensible with federal negotiators. To meet the Agency's requirements, we have defined our work through a series of tasks described in the following subsections.

Task 1 – Initiate Project

The initiation period of a project sets the stage for the entire engagement. A haphazard approach to orientation may result in a chaotic project environment with incongruent goals and confused staff, while a methodical approach typically results in a cohesive team working toward the same common goals. Therefore, our objective during this task is to make sure that all of the required people, processes, and tools are in place with a common understanding of project expectations so that we can mobilize the Maximus Project Team to begin work in an organized, structured fashion.

To accomplish this task, we will take the following steps:

- **Step 1: Conduct Kickoff Meeting.** We will conduct a kickoff meeting with key stakeholders to enable us to solidify a partnership around the project, gain commitment to a common objective, gauge expectations of various participants, and gain input for our work. During the kickoff, we will discuss our overall Project Management Plan (PMP) for development of the SWCAP and present the Agency with a list of data requirements necessary to complete the work.
- **Step 2: Update Project Schedule.** After the kickoff meeting, based on your feedback, we will document any agreements as well as the finalized project schedule.
- **Step 3: Create Project Repository.** During this task, we will also create a centralized repository for all completed work related to the engagement. Work papers created during the course of the contract will be filed in this repository, facilitating an audit trail for work performed.

At the beginning of each contract year, we will repeat this task to discuss any changes to our approach and to verify that expectations have not changed.

Task 2 – Gather Financial Information

To provide meaningful results, we must first gain an understanding of the State's operating results for the year under review. We will work with the Agency to determine the relevant documentation and coordinate these efforts. Our experience with the Agency Financial Reporting System (AFRS), gained through our prior work with the Washington Department of Social and Health Services and Washington Health Care Authority, will better enable us to understand your accounting and organizational structures. To accomplish this task, we will take the following steps:

- **Step 1: Send out information requests.** At the outset, we will prepare an initial list of expected information needs. As necessary, we will schedule a review to discuss the initial information requests and develop agreed upon data gathering methods as well as a schedule. This process will not only reduce the burden on State personnel but will also help to ensure that the information provided is at the required level of detail. Follow-up data gathering activities may be required. If it becomes necessary, we will document any such additional needs and schedule a review to discuss with the Agency.
- **Step 2: Gather available financial information.** The data gathered from the State agencies may be either in electronic or hard copy format. During the planning phase discussed in *Task 1 - Initiate Project*, we will work with all parties to determine the appropriate format for their data. We will use our proprietary MAXCAP software to support the data gathering and analysis. Once the information has been received, we will consult with the appropriate Agency staff to confirm that the information is what was requested, as well as accurate and complete. If necessary, we will follow up with the Agency to obtain additional information. The following is a list of the financial information that we plan to collect:
 - Allocation statistics
 - Fixed asset depreciation schedules
 - Audit reports and correspondence
 - Organization charts

- Financial reports from the statewide accounting system
- Annual billings for all direct billed services

We will work with the Agency to determine any additional information necessary to perform a complete review.

We have designated our proposed Project Manager, **Lucas Williamson**, to work with the Agency and the various State departments to assemble necessary financial and narrative information.

Task 3 – Review Collected Financial Information

During this task, we will review the information collected during *Task 2* with an eye toward completeness and compliance with recently implemented modifications, as well as changes in regulations (Uniform Guidance). To accomplish this task, we will take the following steps:

- **Step 1: Verify that previous year's CAS-negotiated modifications have been implemented.** We will review the correspondence from the previous year or most current negotiations to determine if there were any required changes to the State's SWCAP methodology. If applicable, we will review the current year's SWCAP methodology to verify that these changes have been implemented. This may involve interviews with relevant Agency personnel as well as documentation review.
 - Maximus will review Washington's prior year SWCAP to inform our general analysis and identify areas for modification.
- **Step 2: Verify previous year's single audit modifications have been implemented.** As in the first activity of this task, if any methodology modifications were identified during the previous fiscal year's single audit, we will verify that these changes have been implemented. This may involve interviews with Agency and State personnel as well as documentation review.

Task 4 - Analyze Expenditures and Classify Costs

During this task, we will use the information gathered during *Task 3 - Review Collected Financial Information* to gain a complete understanding of your organizational structure, as well as to identify non-departmental cost centers. This allows us to determine whether costs have been correctly categorized and assigned. This task includes reviewing source documents and may require follow-up interviews with State staff for the purposes of clarification. To accomplish this task, we will take the following steps:

- **Step 1: Review and classify all Department units and associated costs.** Since the costs of certain activities, such as legislative costs, are not allowable for recovery of federal grants, this is a critical step during the development of the SWCAP. After updating the latest organization charts, we will classify all organizational units as indirect (overhead) units or direct units. The direct units (Agencies) are the defined "final cost objectives" that will receive the allocated indirect costs. This process is required to determine which overhead costs should be identified for inclusion in the allocable indirect cost pools. We will group the Agency organizational accounts into the indirect and direct cost pools. We will use OMB regulations as a guide in determining allocable activities.

- **Step 2: Inventory Agency, Federal, and Internal Service Funds.** All funds will be analyzed with an eye toward identifying those that qualify for inclusion in SWCAP Section I or require specific reporting under Section II. We will focus on efficient recovery efforts that will yield the State enhanced allowable recoveries. This may involve conducting a review of programs and federal funds being received by the State, especially those that may reimburse indirect costs.
- **Step 3: Determine Administrative Departments.** During this step, our focus is on identifying those departments (normally administrative departments) with responsibility for providing services to other departments. These departments are typically performing services such as IT, financial accounting, payroll, and personnel administration, and purchasing. This classification will allow us to review the SWCAP to uncover any missing or incorrectly identified administrative costs.

Task 5 - Analyze Cost Allocation Processes

An annual review and analysis of allocation statistics (bases) collected for the SWCAP is critical to help ensure that administrative costs are allocated fairly and accurately to benefiting departments and services. While the OMB regulations provide some leeway in selecting allocation bases, they must be defensible during negotiations with CAS. During this task, we will review the structure of the SWCAP and the statistical bases. To accomplish this task, we will take the following steps:

- **Step 1: Determine the indirect cost pools and allocation statistics.** Based on the information gathered during *Task 3 – Review Collected Financial Information*, we will conduct a detailed analysis of the indirect pools to be allocated. The services that are provided by each overhead unit must be measurable in specific units of service. For example, a payroll section provides payroll services to all other State departments. Therefore, the number of paychecks issued to each State department could be an allocation basis used to allocate the cost of payroll services.
- **Step 2: Eliminate unallowable costs and determine cost allocation adjustments.** We will review the SWCAP and confirm that the State has excluded all unallowable costs (such as capital outlays and costs related to legislative activities). We will also determine if any allowable costs should be included in the report such as depreciation expense and other costs not shown on the financials (e.g., group insurance and retirement funded by the State for general revenue funded employees).
- **Step 3: Document changes in cost allocations.** For each change in allocation of cost or determination of costs, the impact of each change will be fully documented in a separate report for the Agency's review and approval.

Task 6 – Prepare a Draft SWCAP Section I Report

In this task, we will prepare the draft SWCAP Section I Report. For each State agency that receives services from Statewide central service agencies, we will summarize costs. The SWCAP Section I document will include a narrative description of all functions, activities, and allocation bases, including any alternative allocation methods. We will conduct a thorough internal Quality Assurance (QA) review cycle before submitting our deliverable to the Agency.

This will include a peer review by the team, followed by independent quality reviews by both the Project Manager and Project Director. This multi-level review helps to ensure a quality deliverable that meets the Agency's objectives.

Task 7 – Prepare Fixed Cost Summary Schedule

We will produce a Fixed Cost Summary Schedule that, when approved by HHS, is disseminated to the appropriate State agencies. To accomplish this task, we will take the followings steps:

- **Step 1: Summarize the roll-forward computation.** One major component of this schedule is the roll-forward computation. We will prepare a report summarizing the roll-forward calculations on a service-by-service basis for each State agency.
- **Step 2: Summarize proposed fixed cost allocations.** We will also prepare a report summarizing the proposed fixed allocations for each State agency, including roll-forwards, to be submitted to the federal government.
- **Step 3: Develop projection of next FY allocated central services cost.** Section I Plans must include a projection of the next FY's allocated central services cost. This projection is usually based on the actual costs of the most recently completed year. Plans must also include a reconciliation of actual allocated central service costs to the estimated costs used for the most recently completed year. The reconciliation differences are rolled forward to the projected plan year. For example, in the first year of this engagement, the actual statewide indirect costs from FY 2025 will be analyzed. Added to the resulting amounts for each agency is the roll-forward, calculated as the difference between the allocated costs from the current FY 2025 costs and the allocated costs from two years' prior – FY 2023 costs. These differences are computed and carried forward to the FY 2027 fixed costs amounts.

Task 8 – Review Draft Section I SWCAP Report with the Agency

Maximus will review the draft materials with the Agency and assess for completeness, accuracy, and consistency. This ensures that all necessary issues are addressed in the SWCAP, all questions are answered, and that the SWCAP Section I ultimately delivered addresses federal reporting requirements.

Task 9 – Finalize and Submit SWCAP Section I Report

Once we have reviewed and discussed draft documentation with Agency representatives, we will incorporate comments and prepare final copies. Following an internal QA review, we will provide presentation ready copies as well as all supporting documentation that may be required for audit or negotiation purposes. To accomplish this task, we will take the following steps:

- **Step 1: Document Section I in a formal report.** We will document the Section I materials in formal reports for submission to HHS. The MAXCAP detailed schedules provide cost information for each allocated central service. The detailed schedules for each central service department include:
 - A schedule of the costs to be allocated, including adjustments and cross-allocated indirect costs.
 - A schedule of activities (functions) and the distribution of the costs to the various functions prior to the allocation. The schedule also provides for a reallocation of the

general administrative function and identifies specific costs or functions that are unallowable or are otherwise not allocated.

- An allocation schedule for each of the allocated functions. The schedule briefly describes the chosen allocation statistics and shows the detail allocation of the functional costs to each department/agency.
- A final summary schedule of the costs for each central service.

The MAXCAP software also produces a number of summary schedules, which typically include:

- **Schedule A:** The final summary of allocated costs by department.
- **Schedule C:** The Summary of Allocated Expenses, which shows the expenses included within the Plan for each central service and any associated cost adjustments or disallowances. This schedule also delineates the total allocated costs to each department/agency.
- **Schedule E:** The Summary of Allocation Basis, which shows the chosen allocation statistics used in the allocation of costs.

- **Step 2: Prepare analysis comparing indirect cost to prior FY indirect cost.** After the SWCAP Section I Report is complete, Maximus will prepare a written analysis comparing the amount of the indirect cost of the FY25 plan to the allocated amounts in the plan for the prior fiscal year, explaining in detail the reasons by agency for any significant differences. This analysis will assist Agency staff with explaining variances to the receiving State agencies.

We will deliver associated work papers, an electronic version and three hard copies, if requested, of each plan to the agency for each Fiscal Year throughout the contract.

Task 10 – Analyze Section II Special Reporting Requirements

During this task, we will focus on the special reporting requirements for direct billed services. CAS has increased its level of review for direct billed services as states decrease their Section I allocated costs and increase their direct billings to agencies. Our proposed project team has extensive experience in negotiating paybacks for the federal portion of excess Uniform Guidance Retained Earnings balances. We will analyze the financial reports to determine if the State is at risk of developing excess 2 CFR Part 200 balances in its billed services and offer solutions that have been effective for other states in reducing or eliminating federal paybacks. To accomplish this task, we will take the following steps:

- **Step 1: Determine if billed services are reported at the Fund or Service level.** For Funds with operating budgets more than \$5 million, CAS has required many states to develop reconciliation schedules for each billing rate or service reporting category. This is required because an overall fund level report may not be appropriate as excess charges may occur in one billed service, but undercharges may occur in other billed services. In addition, various users do not utilize each billed service to the same extent. In this initial activity, we will review the reporting level for billed services in the State's Section II report.

During our review, we will identify the services that have large excess or negative Uniform Guidance retained earnings balances.

- **Step 2: Review the operating schedules for each billed service.** For each billed service, we will review the operating reports for the most recent fiscal year. We will review the revenues (actual and imputed); expenses (allowable, unallowable, and allocated); working capital reserve; contributed capital; and the retained earnings balance. We will assess the cost allocation models in use for each billed service to determine if the operating results are misrepresenting each service level's profit or loss. Maximus will prepare any additional schedules that are required to track fund balances and compile the schedules into a Uniform Guidance compliant Section II report.
- **Step 3: Review and assess previous Section II negotiated settlements.** We will review any recent Section II negotiated settlements to assess if the methods utilized by the State and CAS were fair and equitable. Using our experience in negotiating settlements for other states, we will evaluate and offer suggestions for the Agency to use in future negotiations. Our experience negotiating Section II settlements with the various CAS regions allows us to propose methods that may have been accepted in other regions that could save the State significant payback amounts in the future.

Task 11 – Prepare Section II Reports and Supporting Schedules

During this task, we will focus on preparing the Section II Uniform Guidance reports and supporting schedules for submission to the cognizant agency. To accomplish this task, we will take the following steps:

- **Step 1: Prepare Draft SWCAP Section II.** We will prepare Draft Section II reports and their supporting schedules. This step involves gathering the financial information in the steps above and preparing reconciliations. Listed below are the SWCAP reporting requirements for all billed service funds with an operating budget of \$5 million or more, as outlined in the Uniform Guidance:
 - Brief description of each service
 - Balance sheet for each fund based on individual accounts contained in the governmental unit's accounting system
 - Revenue/expense statement with revenues broken out by source
 - List of non-operating transfers (as defined by GAAP) into and out of the fund
 - Description of the methodology used to charge the costs of each service to users, including how billing rates are determined
 - Schedule of current rates
 - Schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service under OMB regulations, with an explanation of how variances will be handled
- **Step 2: Review Draft SWCAP Section II Report with the Agency.** Maximus will review the draft materials with the Agency and assess for completeness, accuracy, and consistency.

This confirms that all necessary issues are addressed in the SWCAP Section II Report, all questions are answered, and the SWCAP Section II Report ultimately delivered addresses federal reporting requirements.

- **Step 3: Assess potential federal payback/review impact with management.** During this step we will review the results of reconciliations that identify each service with a balance in excess of the 60-day working capital allowance. We will use this report and the summary of agency billings by service to assess any potential federal payback requirements. We will also assess alternative strategies to avoid/minimize potential federal paybacks.
- **Step 4: Finalize SWCAP Section II report.** Once draft documentation has been reviewed and discussed with Agency representatives, we will incorporate comments and prepare final copies. Following an internal QA review, we will provide presentation ready copies as well as all supporting documentation that may be required for audit or negotiation purposes.

Task 12 – Assist Agency in Negotiating SWCAP with Federal Government

After federal negotiators have reviewed the submitted SWCAP, negotiations on certain classifications of costs may be required. Maximus will act as your advocate to secure the fairest plan to all concerned, consistent with the principles defined in the Uniform Guidance. Factors critical to our success in negotiations include:

- 360-degree perspective on federal, state, and local cost allocation and policies gained from access to senior staff, including a former federal negotiator, with insight and expertise on federal and State guidance and direction for allocating costs
- Significant investment in field research and knowledge sharing among our national network of practitioners who are constantly looking for new ways to generate greater recoveries for our clients
- Use of state-of-the-art proprietary software tool specifically designed to flexibly and efficiently prepare SWCAPs
- Employing a “Double Step-Down Allocation” of costs to make sure that all recoverable costs are appropriately allocated

If there are costs questioned by federal negotiators, we will take the following steps:

- **Step 1: Meet with the State to review the federal agency's position and concerns.** To begin, we will review the correspondence between the negotiating agency and the State to understand the issues and concerns. This will form the basis for our subsequent research and appeal arguments.
- **Step 2: Research appropriate federal regulations and OMB guidance.** We will review current regulations and guidance specific to the expressed concerns being negotiated to understand the issues raised and to identify appropriate responses to those issues for the negotiations.
- **Step 3: Research similar appeals of cost allocations.** In concert with our research on federal regulations, we will also research appeals case history to identify situations that are similar to the issue at hand. We will identify precedents that may be appropriate to the negotiation.

- **Step 4: Prepare a negotiation strategy and review it with the State.** Based on our analysis, we will develop a strategy for approaching negotiations; identifying our logic, appropriate guidance, and associated precedence. This strategy will be documented in a presentation format. We will review this strategy with the State and adjust, where necessary, based on the discussion.
- **Step 5: Finalize the strategy and prepare draft language for the negotiation.** We will prepare language for inclusion in the State's response to the federal entity during negotiation that defines our position regarding the claimed costs.
- **Step 6: Provide functional and technical expertise to the State's negotiating team.** We will continue to support the negotiation by furnishing functional and technical expertise, as required, throughout the process. When necessary, we will provide the State with written documentation to use in the negotiation process.

2.3 Project Schedule

Maximus will complete the SWCAP and all relevant tasks detailed in our Work Plan in sufficient time for the Agency to review, amend, and approve the CAP before submitting it to the cognizant federal agency by December 31st of each contract year. The State has noted the need to request submission extensions over the last four years. We will remain in close communication with the State each year to determine if an extension is needed.

Assuming our consultants are able to begin fieldwork by October 1st of each year, Maximus will provide a draft Section 1 CAP and Section II Billed Services Document to the Agency for review by the first week of December. Assuming a ten-day period for the Agency to complete its review, Maximus shall provide a final version of Section 1 CSCAP and Section II Billed Services Document to the Agency, as well as submit both items to HHS/CAS, by December 31st of each contract year. Any timetable for potential subsequent negotiations is dependent on the cognizant federal agency.

Exhibit 2.3-1: Maximus Work Plan – SWCAP contains a preliminary project work breakdown and schedule to prepare the SWCAP for the first year of the project.

Task/Week	1	2	3	4	5	6	7	8	9	10	11	12
Task 1	Initiate Project											
Step 1: Conduct Kickoff												
Step 2: Update Project Schedule												
Step 3: Create Project Repository												
Task 2	Gather Financial Information											
Step 1: Send out Information Requests												
Step 2: Gather Available Financial Information												
Task 3	Review Collected Financial Information											
Step 1: Verify that previous year's CAS-negotiated modifications have been implemented												
Step 2: Verify previous year's single audit modifications have been implemented												
Step 3: Determine Uniform Guidance impact on State's SWCAP												
Task 4	Analyze Expenditures and Classify Costs											
Step 1: Review and classify all Department units and associated costs												
Step 2: Inventory Agency, Federal, and Internal Service Funds												
Step 3: Determine Administrative Departments												
Task 5	Analyze Cost Allocation Processes											
Step 1: Determine the indirect cost pools and allocation statistics												
Step 2: Eliminate unallowable costs and determine cost allocation adjustments												

Task/Week	1	2	3	4	5	6	7	8	9	10	11	12
Step 3: Document changes in cost allocations												
Task 6	Prepare a Draft SWCAP Section I Report											
Step 1: Prepare a Draft SWCAP Section I Report												
Task 7	Prepare Fixed Cost Summary Schedule											
Step 1: Summarize the roll-forward computation												
Step 2: Summarize proposed fixed cost allocations												
Step 3: Develop projection of next FY allocated central services cost												
Task 8	Review Draft Section I SWCAP Report with the Agency											
Step 1: Review Draft Section I SWCAP with Agency												
Task 9	Finalize and Submit SWCAP Section I Report											
Step 1: Document Section I in a formal report												
Step 2: Prepare analysis comparing indirect cost to prior FY indirect cost												
Step 3: Finalize SWCAP Section I report												
Task 10	Analyze Section II Special Reporting Requirements											
Step 1: Determine if billed services are reporting at the Fund or Service level												
Step 2: Review the operating schedules for each billed service												
Step 3: Review and assess previous Section II negotiated settlements												

Task/Week	1	2	3	4	5	6	7	8	9	10	11	12
Task 11	Prepare Section II Reports and Supporting Schedules											
Step 1: Prepare Draft SWCAP Section II												
Step 2: Review Draft SWCAP Section II Report with the Agency												
Step 3: Finalize SWCAP Section II report												
Task 12	Assist Agency with Negotiating SWCAP with Federal Government											

Exhibit 2.3-1: Maximus Work Plan – SWCAP contains a preliminary project work breakdown and schedule to prepare the SWCAP for the first year of the project.

2.4 Deliverables

As we discussed in Section 2.2 *Work Plan*, Maximus will provide the Agency with the following deliverables:

- A draft SWCAP **Section I cost allocation plan**, including related cost schedules and service descriptions, prepared in accordance with 2 CFR Part 200 guidelines. Maximus will furnish an electronic copy to the Agency. **Delivery Date: Week 8**
- The final cost summary schedule from our MAXCAP software is the Schedule A. We will provide a Schedule A variance analysis comparing the current year results to the prior year results. Our analysis will denote any significant changes, increases, and decreases in allocation to State agencies. **Delivery Date: Week 8**
- Maximus will present the draft SWCAP **Section I cost allocation plan** and our general analysis to relevant Agency personnel and stakeholders. Our experienced consultants will offer insights into the preliminary results, facilitate understanding, and answer any questions. Agency personnel will have the chance to identify any potential areas for revisions. **Delivery Date: Week 9**
- A draft SWCAP **Section II report on direct billed services** developed in accordance with 2 CFR Part 200 guidelines. The draft will include rate methodology, service descriptions, annual billings, and a retained earnings reconciliations on each direct billed service. The draft will also include reconciliation of retained earnings to federal guidelines for each direct billed service. Maximus will deliver an electronic copy to the Agency. **Delivery Date: Week 8**
- Maximus will present the draft **Section II billed services** document and our general analysis to relevant Agency personnel and stakeholders. Our experienced consultants will offer insights into the Section II report, facilitate understanding, and answer any questions. Agency personnel will have a chance to identify any areas for possible revisions. **Delivery Date: Week 9**
- A final **SWCAP Section I** report, including related cost schedules and service descriptions, prepared in accordance with 2 CFR Part 200 guidelines and reflecting any revisions stemming from our meeting with Agency personnel. Maximus will submit the final version to the cognizant federal agency for approval and shall furnish the Agency with physical and digital copies. **Delivery Date: Week 12 (no later than December 31st)**
- A final SWCAP **Section II report on direct billed services** developed in accordance with 2 CFR Part 200 guidelines. The report will include rate methodology, service descriptions, annual billings, and reconciliation of retained earnings on each direct billed service. The draft will also include reconciliation of retained earnings to federal guidelines for each direct billed service. Maximus will furnish physical and electronic copies to the Agency. **Delivery Date: Week 12 (no later than December 31st)**
- Maximus will defend and secure approval of your SWCAP consistent with the principles of OMB. We will meet onsite at the Olympia office and defend the CAP and ICRs if challenged by federal, state, or local agency representatives for a period of three (3) years after delivery of the plan. Upon notice of audit, Maximus shall make work papers and other records available to State and Federal auditors. Our responsibility under audit shall be to provide

audit assistance to the Agency and to make those changes to the work product as required as a result of an audit. Maximus will make any necessary revisions and resubmit corrected documents as needed. **Delivery Date: Subject to Federal review schedule, however Maximus will respond promptly whenever there is a development in negotiations.**

- At the request of the Agency, our consultants will provide a training session on 2 CRF Part 200 and federal cost recovery issues for any relevant State and Agency personnel.
- Maximus will address the Agency's need for Extra Services on a case-by-case basis to ensure the Agency's satisfaction with overall project results.

3.0 MANAGEMENT

For five decades, cost accounting of government services has been a principal line of business for Maximus US Services, Inc. (Maximus). We offer the Washington State Office of Financial Management (Agency) both a national perspective and in-depth knowledge of state government. In addition, our proposed project team has a thorough understanding of the U.S. Office of Management and Budget (OMB) cost principles and a strong relationship with the U.S. Department of Health and Humans Services (HSS) Division of Cost Allocation Services (CAS). Our extensive overall cost allocation experience, financially stable company, deep pool of resources, and successful history developing Statewide Cost Allocation Plans (SWCAPs) for 33 other U.S. states make Maximus the best choice for this engagement.

Maximus is pleased to present this proposal to provide Statewide Cost Allocation Plan (SWCAP) services for the Agency. We know how important it is for you to have reliable cost information in order to make critical management decisions for administering your programs.

We bring you a strong team with extensive experience working through the cost allocation processes all across the country.



At-A-Glance

3.1 Project Management

The success of our engagement with the Agency is dependent not only on our ability to identify and resolve issues and mitigate risks, both during and subsequent to the development of the SWCAP, but also on our ability to successfully manage the project to ensure punctual, high-quality deliverables and results. This includes coordinating the work of a multi-disciplinary team; collaborating with the Agency's relevant divisions/offices; leveraging Maximus corporate tools, technologies, and methodologies to support our activities; and managing our tasks to our proposed schedule and budget while at the same time, delivering products of superior quality. To that end, we incorporate into our projects the principles of project management and quality assurance that are proven success factors in leading a project to its successful conclusion.

- Maximus is a financially stable, multi-national company with the available resources to complete this engagement with minimal economic risk and with the capability to provide support in the years to come.
- Maximus has developed Cost Allocation Plans (CAPs) for multiple state and local governments across 49 states and the District of Columbia, including SWCAPs for 33 states, with no significant disallowances.
- More than 90 percent of our CAP service clients renew with us year after year; we have worked with many of our clients for more than 20 years.

We manage our projects in accordance with the standards established by the Project Management Institute (PMI) in the Project Management Body of Knowledge (PMBOK®) Guide. Building on PMI's industry standard foundation and the lessons we have learned through our extensive experience managing both large and small engagements for a wide array of federal, state, and local government clients, Maximus has crafted a unique, successful project management approach, which covers the entirety of a project, from project initiation to closeout, proactively working toward on-schedule, high-quality products. The approach incorporates the practices described in *Exhibit 3.1-1: Maximus Project Management Practices* and helps to

ensure that activities related to the CAP occur as scheduled, risks are averted or managed to reduce their impact, and accountability at all levels is enforced.

Management Practice	Control Measure
Integration Management	- Project Leadership provides oversight and monitoring of all project activities - Regularly scheduled client meetings update project status and issues - Regularly scheduled project team meetings review schedule and task status
Scope Management	- SWCAP project requirements clarified, documented, and tracked through project lifecycle - Formal change control process provides a systematic methodology for modifications to the project plan, performance measures, or other similarly important operational parameters
Time/Cost Management	- Master project milestone schedule and detailed task schedule track progress and provide early warning signs when the conditions leading to possible slippage are forming - Internal cost systems provide detailed cost analysis preventing us from realizing cost overruns - Regularly scheduled project team meetings review and manage high-priority objectives in accordance with the schedule
Quality Management	- Established Maximus Corporate QA Team provides senior-level management oversight for all Maximus projects - Quarterly project reviews conducted with Maximus senior management ensure accountability - Internal project reviews performed by the Maximus Team on all project deliverables ensure consistency and completeness
Human Resource Management	- Organization structure and communication channels maximize collaboration and unity of project management by the Agency and Maximus - Periodic face-to-face meetings with individual staff provide guidance and feedback on performance and create a mentor relationship to support management
Communication Management	- Communication Plan is developed, maintained, and followed to establish and maintain formal and informal lines and methods of communication between the Agency and Maximus - Documentation procedures ensure agreement on meeting proceedings and follow-up action items
Risk Management	- Risk Management Plan defines the process for addressing varying levels and types of risk items - Risk mitigation is tracked to support management of identified project risks

Exhibit 3.1-1: Maximus Project Management Practices. *The Project Leadership Team monitors all management practice areas to ensure overall project quality and customer satisfaction with our delivery of cost allocation services.*

3.1.1 Quality Assurance

We apply our MAX-QA methodology to our projects to support the effective conduct and delivery of required tasks and deliverables. Our approach adheres to the following quality principles:

- **QA is an ongoing process that we built into the project:** We tailor deliverable standards to reflect requirements that meet the needs of the client. Through all phases of the project,

we evaluate deliverables, activities, and progress against the established objectives and, where appropriate, identify and support process improvement.

- **QA is an extension of project management roles and responsibilities:** Our approach to QA can also be seen as project management assistance or project management support.

For all tasks and activities conducted, the Maximus Project Team follows established QA guidelines and implements QA processes to help ensure that the conduct of each task is consistent, comprehensive, and in compliance with the scope of the contract.

For example, all deliverables are passed through an internal review process before they are submitted in draft format to the Agency. Further, we employ a series of guidelines for quality reviews throughout our company for each engagement, no matter how large or small, as illustrated in *Exhibit 3.1.1-1: Maximus Levels of Quality Review*

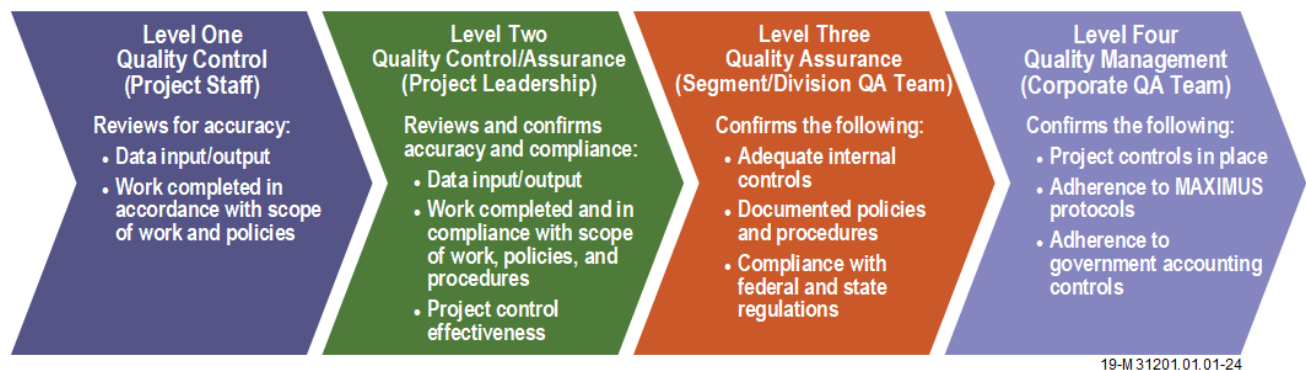


Exhibit 3.1.1-1: Maximus Levels of Quality Review. To promote across-the-board quality on all of our contracts, corporate guidelines define the levels of quality reviews to be carried out

3.2 Project Team Structure/Internal Controls

There is nothing more critical to a project's success than the right project team. The key to a successful SWCAP is not just cost accounting skills or analytic tools – the single most important element of a good SWCAP is familiarity with the services under review and the diligence to make sure that all costs are properly accounted for and allocated. The Agency must have faith that it is selecting the best partner for this effort; one that deploys exceptionally qualified staff with state-of-the-art tools.

Maximus US Services, Inc. team members were carefully evaluated and selected for their proposed roles and offer the qualifications and experience essential to the success of this engagement. These individuals have committed their careers to working with state and local governments to ensure compliance with federal cost principles and regulations. With the selection of Maximus, you can be confident that you are getting a team of industry-leading experts who provide quality results.

The Project Team includes some of the firm's most senior experts in cost accounting principles. Combined, they have successfully assisted hundreds of government agencies at the state and local level in the development, preparation, and negotiation of CAPs, Indirect Cost Rate Proposals (ICRPs), fringe benefit rates, and Internal Service Funds (ISFs) billing rates.

3.2.1 Project Team Roles

Capitalizing on our financial, programmatic, and operational understanding, our team supports our clients with insight gained from real world service delivery, knowledge of industry best practices, and lessons learned from team members' individual and collective experiences. Our key personnel bring more than 60 years of combined cost allocation experience completing thousands of CAPs across the country.

Exhibit 3.2.1-1: Maximus Project Team depicts our project team organizational structure and lines of authority. We have developed our project organization to provide the Agency with specialized expertise as well as project team members who will be responsible for day-to-day efforts.

The team is led by Michael Holmes, an Associate Managing Director in our Financial Services Practice. As Project Director, he is responsible for the overall success of the project, including the quality of Maximus work products. Mr. Holmes will provide management direction to the Project Manager, Lucas Williamson, and assist in a supervisory capacity. Mr. Williamson has 20 years' experience providing cost allocation/financial services to state and local governments across the country. He will directly manage Maximus activities and support staff, as well as actively participate in all Maximus tasks. Mr. Williamson will be supported by Project Consultant, Ms. Alison Yeakey.

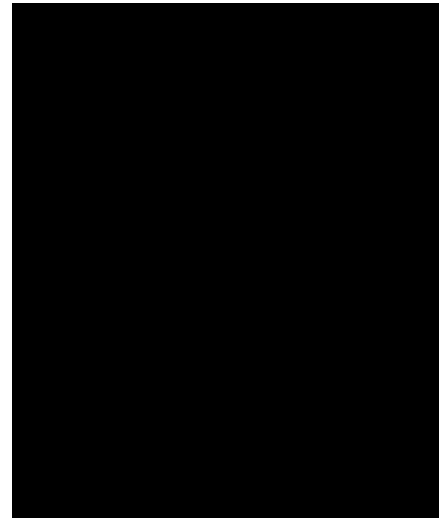


Exhibit 3.2.1-1: Maximus Project Team depicts our project team organizational structure.

3.2.1.1 Staff Qualifications/Experience

Every member of the Maximus Project Team is fully knowledgeable of OMB policies and procedures, understands how to optimize indirect costs within federally allowable limits, and knows how to effectively interview State staff so as to minimize staff time and efficiently gather data.

In this section, we provide a brief overview of our proposed Project Team’s experience, education, and project responsibilities. Maximus warrants that staff identified in this proposal will perform the assigned work and any substitution is Agency approved before implementation. Detailed resumes are included in *Section 3.2.1.2: Key Project Staff Resumes*.

is

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- Directly manage all project management and SWCAP activities
- Implement all key recommendations of the project
- Monitor all phases of the project according to the specified timelines
- Actively participate in all major project activities
- Verify that the Maximus Project Team fulfills all duties and responsibilities under the contract
- Provide secondary review all project deliverables and, when necessary, escalating critical issues

Estimated Percentage of Total Project Time: 5%

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] will be responsible for:

- Assume responsibility for regular client communication and reporting
- Conduct on-site interviews as required
- Coordinate the collection of requested data
- Review all State provided source data for statistical purposes
- Review all data for conformance and accuracy
- Analyze data and prepare import worksheets
- Import worksheets into proprietary cost allocation software
- Summarize results and formalize cost plan
- Prepare 2 CFR Part 200 reconciliations for billed services and ISFs
- Provide initial review of completed work papers and deliverables
- Review all deliverables prior to submission
- Submit all secondary reviewed deliverables
- Conduct follow-up meetings with cost plan users to help ensure indirect costs are being properly claimed and recovered
- Negotiate the plan with federal and/or state agencies as required

Percentage of Total Project Time: 55%



Percentage of Total Project Time: 40%

Deep Bench of Available Staff

Although we believe we have sufficiently staffed this project to fulfill the requested scope of work, additional resources may be required from time to time. As an established, large firm we can readily offer valuable resources, as needed. We have over 40 staff with government accounting expertise who are able to join the project should the need arise, saving the Agency valuable time and money.

Exhibit 3.2.1.1-1: Project Team SWCAP Experience details the SWCAP engagements in which our team members have participated over the past year.

Project Team Member/Role	State
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	Alaska and Illinois

Exhibit 3.2.1.1-1: Project Team SWCAP Experience. *Over the past year, our project team members have completed SWCAPs in nine (9) states.*

3.2.1.2 Key Project Staff Resumes

Detailed resumes including education, qualifications, and experience are detailed below.

Name/Title	Page #
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[illegible]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

QUALIFICATIONS

[REDACTED]

-
- A horizontal bar chart consisting of five rows. Each row begins with a small black square, followed by a black bar of varying length. The bars are arranged in a staggered, descending pattern from top-left to bottom-right. The first row has the longest bar, followed by a shorter one, then a medium-length one, then a shorter one, and finally the shortest bar in the fifth row.

[illegible]

ost
distribution bases

- Proposal for WA Office of Financial Management
RFP NO . 25-400

3.3 Experience of the Bidder

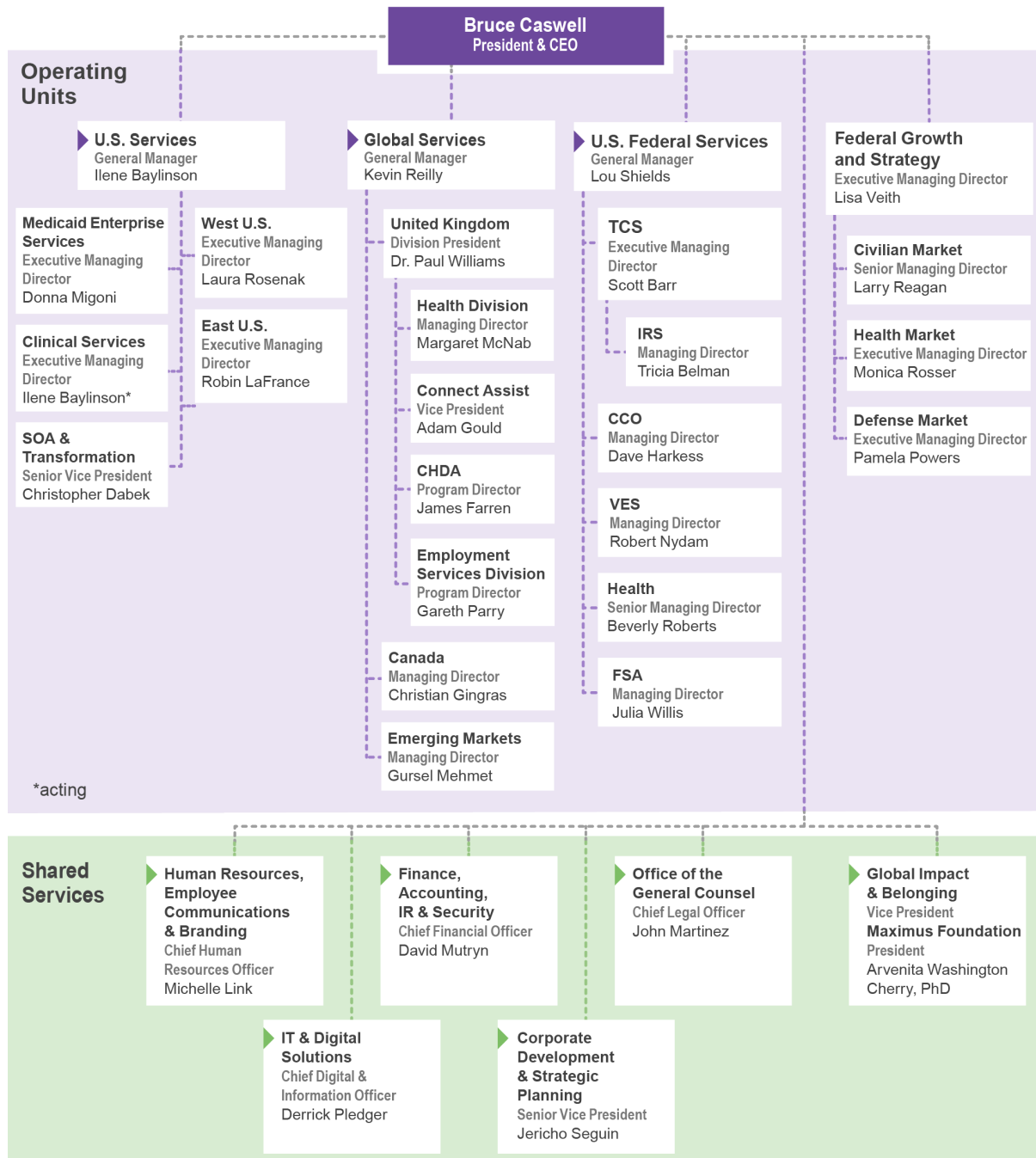
Before we discuss Maximus' qualifications and experience providing cost allocation services, we feel it is beneficial to provide a brief overview of our parent company. We do this to draw your attention to our firm's longevity and abundant resources. Simply put, Maximus brings the resources of a large company to bear on all its projects. The single greatest benefit of a larger company is the ability to identify, absorb, and mitigate risk. When human and financial resources are limited or interrupted, as is sometimes the case with smaller regional vendors, the impact on an engagement can be disastrous. With a workforce of more than 30,000 employees to draw from if needed, Maximus maintains a solid cadre of over 40 professionals focused only on cost accounting consulting projects. This gives us the resources to successfully complete this and future engagements. Add to that our history of dedication and commitment to our clients and you have what sets Maximus apart from our competitors.

3.3.1 Corporate Overview

Maximus, Inc., our parent company, was founded in 1975 with the express mission of *"Helping Government Serve the People."*® Maximus is a leading provider of financial and management consulting services as well as program management and operations to health and human services agencies. We have completed thousands of projects for government clients — from multi-phased efforts involving large numbers of personnel and subcontractors to short-term contracts requiring successful coordination of resources to meet tight deadlines. By being responsive to the needs of our government clients, we have built a reputation for providing quality services. The longevity of our service to government clients is a testament to our commitment to quality service and collaborative, open, and honest relationships with our clients.

3.3.1.1 Company Organization

The Firm's corporate structure, as shown in *Exhibit 3.3.1.1-1: Maximus US Services, Inc. Corporate Organization*, allows the Agency the advantages that come with our vast array of experience and staff of 30,000 across our core health and human services business lines. Every aspect of our corporate organization — including substantial corporate personnel, financial support, quality and risk management, human capital, and administrative resources — supports the projects we operate. Our ability to draw on company-wide expertise and knowledge results in better project outcomes and reduced risk for clients. Maximus is a publicly traded corporation.



MST_CorpOrg Chart_20250303_Portrait_v11b

Exhibit 3.3.1.1-1: Maximus US Services, Inc., Corporate Organization allows the Agency the advantages that come with our vast array of experience.

3.3.1.2 Financial Stability

Government agencies and departments partner with quality vendors who have solid credit ratings and a strong indication of financial solvency. The importance of financial strength and strategic liquidity in today's market cannot be overstated. Maximus, Inc. has revenues over \$5.3 billion (as of September 30, 2024), representing more than 3,500 contracts. During our 50-year history, we have experienced steady growth and workforce expansion as demonstrated in *Exhibit 3.3.1.2-1: Maximus Revenue FY2013– FY2024*.

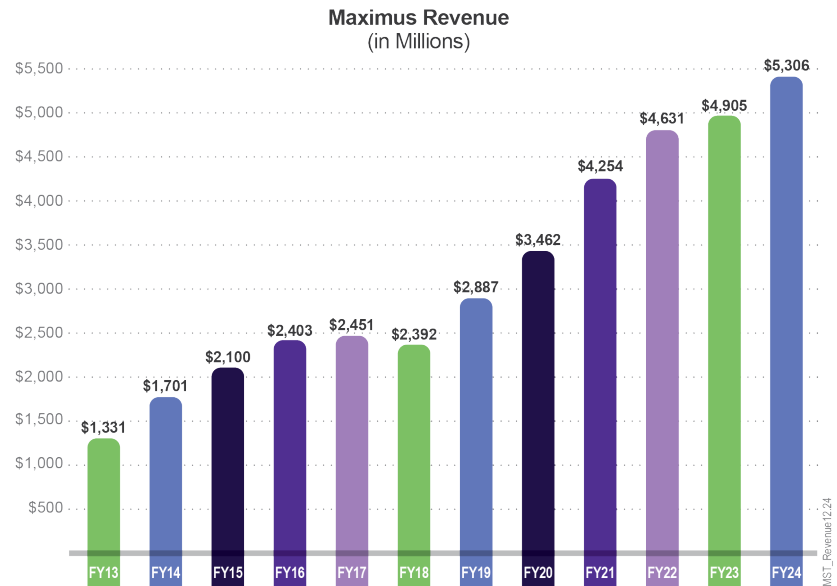


Exhibit 3.3.1.2-1: Maximus Revenue FY2013 – FY2024. *Maximus, Inc. has been profitable for 50 years and enjoys a very strong balance sheet.*

3.4 Experience

Maximus' experience is unparalleled in the cost allocation services field. We bring our corporate resources and staff qualifications directly to the benefit of the Agency, allowing us to provide unrivaled levels of support. No other firm has the qualifications or personnel with the depth of skills required to understand and apply the complexities within the cost allocation process.

Maximus has decades of experience in the analysis and preparation of complex Cost Allocation Plans (CAPs), Indirect Cost Rate Proposals (ICRPs), State-wide Cost Allocation Plans (SWCAPs), and Public Assistance Cost Allocation Plans (PACAPs). The knowledgeable members of our team have committed their careers to working with states to ensure compliance with federal cost principles and applicable implementation guidance issued by the U.S. Department of Health and Human Services (HHS), Cost Allocation Services (CAS). Our extensive experience has resulted in Maximus preparing approximately 90 to 95 percent of the consultant-prepared plans submitted to

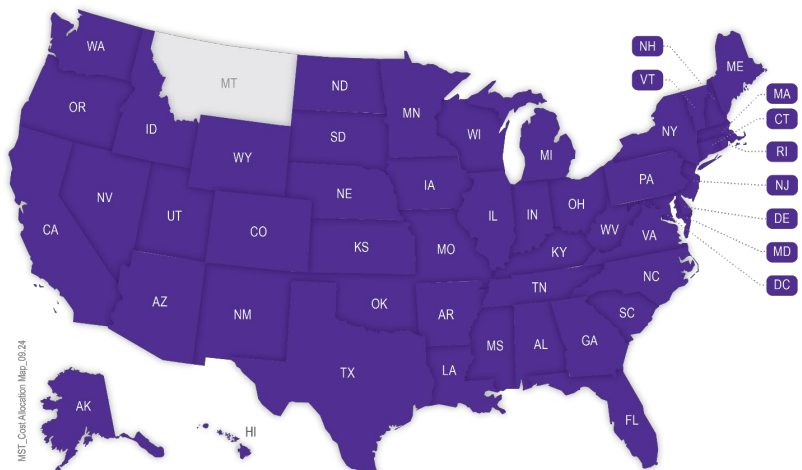


Exhibit 3.4-1: Maximus Cost Allocation Projects: *Maximus is the leading provider of cost accounting services to government organizations in the US.*

HHS/CAS, according to federal negotiators.

Maximus is the nation's leader in cost allocation services to state and local governments. Our approach to supporting the State throughout the entire costing process has been continuously refined through working with 49 states and thousands of local government agencies across the country preparing, negotiating, and ultimately receiving formal federal cognizant approval of CAPs and billed services rates, as illustrated above in *Exhibit 3.4-1: Maximus Cost Allocation Projects*.

You have an industry leader as your partner

Maximus developed most of the processes in use by other government cost accounting industry consultants today and we created the first computerized cost allocation tools and methodologies that many firms still try to copy. We continue to maintain our leading position by staying abreast of the latest developments at the federal level, where cost allocation policies related to grants are set, and by continuously investing in our systems and procedures.

We continually strive to perfect our methodology to deliver the best results to our clients. While each engagement is unique, there are several similarities across projects, and we have honed and refined our methodology based on these attributes. We have woven corporate-wide project management and quality assurance (QA) practices throughout our methodology, adding little or no overhead while safeguarding the integrity of our results and meeting your expectations for high-quality products. This allows us to deploy a proven methodology as well as an experienced project team ready to hit the ground running.

Our extensive experience conducting a variety of successful engagements in all facets of cost allocation and cost reimbursement — including development, preparation, negotiation, implementation, and subsequent maintenance — has resulted in Maximus preparing approximately 90 to 95 percent of the consultant-prepared plans submitted to Health and Human Services (HHS) Cost Allocation Services (CAS), according to federal negotiators.

As shown in *Exhibit 3.4-2: Overview of SWCAPs Prepared*, Maximus has assisted 33 states and the District of Columbia with SWCAP services. Maximus has prepared more SWCAPs than any other firm in the country. This chart lists work we do for Sections I and II.

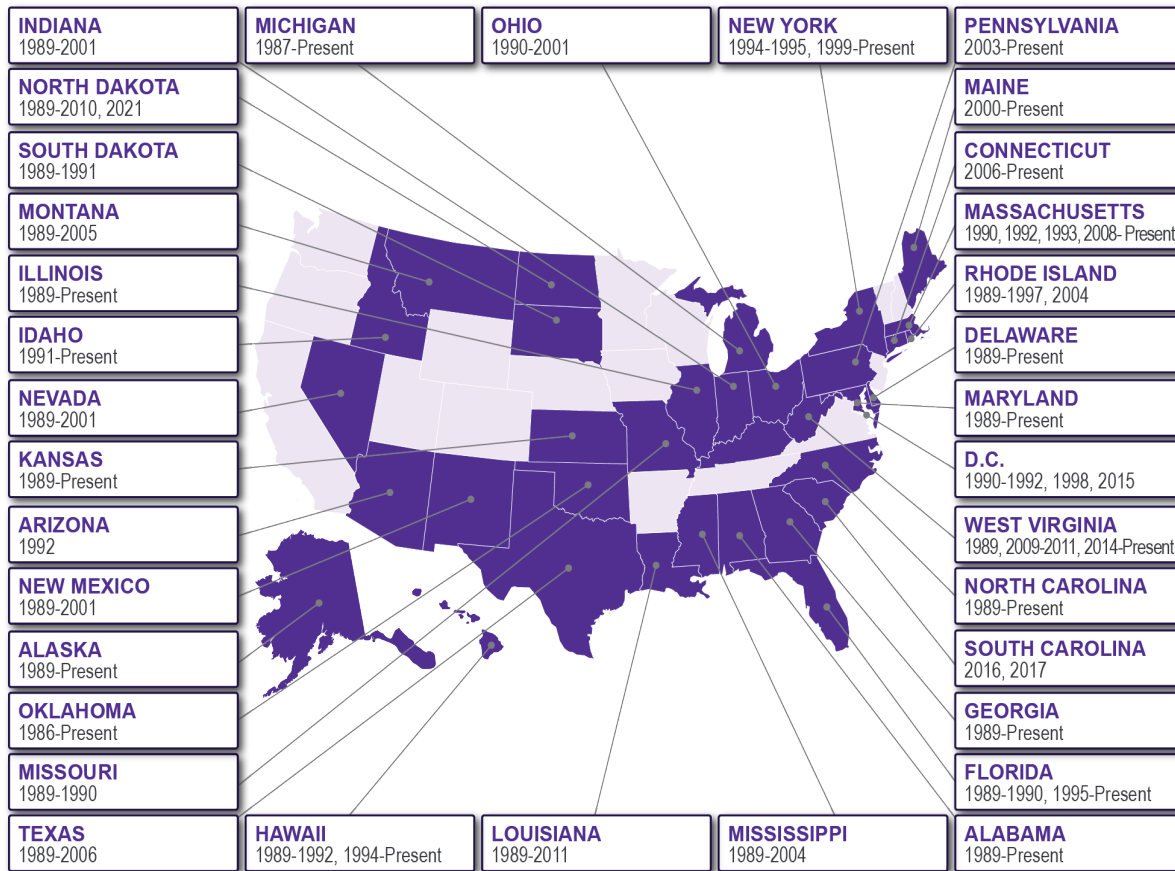


Exhibit 3.4-2: Overview of SWCAPs Prepared

23-P31203.0002-17

Our Springfield team, which will serve the State in our proposed plan, has been chosen to assist numerous state agencies, cities, and counties throughout the country, as shown in *Exhibit 3.4-3: CAP/ICRP Experience*, which shows clients served by our Springfield staff in the last five years.

Illinois Local Government			
Chicago City	Department of Central Management Services (SWCAP)	Department of Natural Resources	Madison County
Chicago City CTA (transit)	Department of Healthcare and Family Services	DuPage County	Sangamon County
Chicago Suburban PACE (transit)	Department of Children and Family Services	DuPage County Health Department	Sangamon County Health Department
Chicago City METRA (transit)	Department of Commerce and Economic Opportunity	Governor's Office of Management & Budget	
State of Illinois Agencies			
Community College Board	Department of Human Services	Environmental Protection Agency	
Criminal Justice Information	Department of Innovation & Technology		

Authority		
Department on Aging	Department of Public Health	
Department of Agriculture	Department of Specialized Care for Children	

Alaska			
Alaska State Courts	Department of Revenue		Department of Administration (SWCAP)
Department of Natural Resources Aviation Division	Department of Commerce, Community, & Economic Development		
Hawaii			
Department of Human Services	Department of Budget and Finance (SWCAP)		Hawaii Office of the Attorney General
Iowa Counties			
Boone County		Lee County	
Calhoun County		Monona County	
Harrison County		Scott County	
Kansas			
Shawnee County	Kansas Department of Administration (SWCAP)		Kansas Department for Aging and Disability Services
Wyandotte County	Kansas Turnpike Authority		Kansas State Historical Society
Minnesota			
Benton	Jackson	Meeker	Washington
Big Stone	Koochiching	Scott	Yellow Medicine
Itasca	Le Sueur	Swift	State Courts
Missouri Local Government			
Boone County		St. Charles County	
Cole County		St. Louis City	
Nebraska Counties/Departments			
Antelope	Fillmore	Lincoln	Saunders
Box Butte	Gage	Madison	Scotts Bluff
Burt	Garfield	Merrick	Seward
Butler	Greeley	Morrill	Sheridan
Cass	Hamilton	Nemaha	Sherman
Cedar	Holt	Otoe	Stanton
Chase	Howard	Pawnee	Thayer
Colfax	Jefferson	Pierce	Thurston

Cuming	Johnson	Platte	Valley
Dakota	Keith	Polk	Washington
Dawes	Kimball	Red Willow	Wayne
Dixon	Knox	Saline	
	Lancaster	Sarpy	Dept. of Economic Development
Oregon Counties			
Washington County			
Wisconsin Counties			
Adams	Forest	Oconto	Richland
Ashland	Green Lake	Oneida	Sheboygan
Bayfield	Iron	Outagamie	Taylor
Buffalo	Kenosha and Kenosha Health	Pierce	Vernon
Crawford	Lincoln	Portage	Walworth
Eau Claire	Manitowoc	Price	Waukesha
Fond du Lac	Marinette		Winnebago
Additional State SWCAPs			
State of Oklahoma		State of North Dakota	
State of Idaho		State of Pennsylvania	

Exhibit 3.4-3: CAP/ICRP Experience shows clients served by our Springfield staff in the last five years.

3.4.1 Preparing & Negotiating Central Service Cost Allocation Plans

Maximus works very closely with HHS/CAS on behalf of numerous clients and we have satisfactorily resolved issues involving cost allocation and indirect cost claims. We have maintained historically strong relationships with federal negotiators.

In addition to the HHS/CAS, our consultants have worked extensively with the U.S. Department of Education (DOE), the U.S. Department of the Interior, the U.S. Department of Transportation (DOT), the U.S. Department of Housing and Urban Development, U.S. Department of Agriculture (DOA), and others.

We work with our clients to resolve questioned costs and improve cost allocation methodologies. Maximus draws on our national experience and reputation to find workable solutions with negotiators. The following instances attest to Maximus' ability to defend our clients' CAPs.

North Carolina:

In 2020, the U.S. Department of Education (DOE) lowered North Carolina Department of Public Instruction's (DPI) FY20 indirect cost rate from 13.9% to 9.9%, costing the DPI tens of thousands of dollars. The federal negotiator's reasoning was the DPI's Information

Technology costs were deemed inequitable due to an excessive amount being allocated to the indirect cost pool. Maximus countered the DOE's position by citing a lack of definitive policy in the *Uniform Guidance* to support this argument and advised the DPI to appeal for a delayed implementation of the change on the grounds that the reduction would create a devastating hole in DPI's FY20 budget in the last three weeks of the fiscal year with no way to fill it. Further, Maximus cited a recent OMB memo that asked federal agencies to be flexible with grantees during the COVID 19 crisis. The federal negotiator agreed that the DOE's position was unfair and finalized the provisional rate of 13.9%.

Pennsylvania:

In 2003, Maximus prepared the Statewide Cost Allocation Plan (SWCAP) for the Commonwealth of Pennsylvania for the first time. The first Maximus cost plan increased allocated costs by 34%. The federal negotiator questioned the inclusion of new costs and new overhead pools. Maximus and Pennsylvania staff defended the plan by explaining why the costs were allowable and bringing in technical experts on the new cost pools to explain what services were provided. We also provided volumes of invoice copies and contracts. Maximus has now completed negotiation on the 15th SWCAP for Pennsylvania and has had no material disallowances.

Maine:

During negotiations on the 2011 SWCAP, U.S. Health and Human Services (HHS) questioned \$2 million in costs that Maximus had included in a new overhead department called "OIT unbilled costs." The costs included in the new cost pool were either new costs to the state, much higher costs for some services, or costs that were direct billed to departments by OIT, and in 2011 the State decided not to bill any longer. The negotiator questioned the costs' inclusion in the roll forward. His reasoning: they had not been included in the original costs projected for FY 2011 two years earlier. The negotiator's position was the costs not projected cannot get a roll forward adjustment, though this US HHS rule is not always enforced. However, we explained that the costs had not been projected because Maximus and the State Controller did not know these changes were going to take place when the projected plan was developed, and Maximus included all the costs since they were allowable and not billed in FY 2011. Maximus was able to analyze the FY 2011 projected plan and convince the negotiator that small pieces of OIT costs for the Treasury system, the HR system and the Budget system were included in other departments in the projected plan. Thus, MAXIMUS was able to negotiate for inclusion all but \$600,000 of the \$2 million in questioned costs.

Delaware:

The HHS negotiator for the Delaware SWCAP questioned the methodology that the State uses to charge workers' compensation costs to departments. Maximus and the client defended the State's method arguing that the method used (percentage of salary costs) is reasonable and fair. Maximus also argued that several states have fringe benefit rates that

are calculated as a percentage of salaries, therefore, percent of salaries is a reasonable allocation basis for any fringe benefit.

Illinois:

The following two examples from the State of Illinois demonstrate Maximus ability to assist a billed service in maintaining compliance with 2 CFR Part 200 (formerly A-87) requirements and also with settling overcharges with the federal CAS.

Maximus has been assisting the State of Illinois in the negotiation of SWCAP Section II excess A-87 (now replaced by 2 CFR Part 200) balances since the early 1990s for their Telecommunication and Information Technology billed services. For the period between 2002 and 2025, Maximus negotiated paybacks to the federal government totaling more than \$34 million on excess balances greater than \$120 million. The annual operating cost of the fund is currently over \$700 million per year, and Illinois chose to repay the federal excess balances rather than disrupt several hundred agency budgets. This situation allowed Maximus staff to develop an unmatched experience in the negotiation of SWCAP Section II submissions.

Illinois:

Beginning in 2005, Maximus developed the initial direct bill rates for the Illinois Facilities Management Revolving Fund (FMRF), which was responsible for managing more than 700 State-owned or leased buildings with annual operating costs in excess of \$200 million. Maximus was also responsible for the development of the SWCAP Section II reporting for FMRF. Since Maximus was able to implement the cost recovery model for FMRF, we established annual adjustments for over and under charges on direct-billed space. The FMRF has had no paybacks to the federal government for excess 2 CFR Part 200 balances since the direct billings began in 2005.

Other:

In 2018, Maximus received feedback from an HHS negotiator we have worked with for years on the SWCAP for the state of Maine. She had recently taken on the duties of approving all state-level CAPs in a Western state (e.g., SWCAP, Section II, departmental rates, and Public Assistance CAPs) and reported that her review process with the state's cost allocation vendor is not nearly as thorough as what she is accustomed to with Maximus. She added that her office appreciates Maximus' attention to detail and enjoys working on the cost rate proposals we submit.

Since the issuance of the *Uniform Guidance* on December 26, 2014, Maximus has been proactive in analyzing the effects of this regulation change as it affects all of our cost allocation clients. As an acknowledgement of our efforts, the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) requested Maximus assistance in training its members on the Uniform Guidance requirements and regulations. Maximus provided this training in

February 2014 alongside federal representatives from HHS, the U.S. Department of Housing and Urban Development (HUD), and the National Science Foundation (NSF).

We know the OMB regulations and current interpretations in the field. We have the experience and knowledge to develop cost allocation methodologies that properly allocate cost to benefiting programs and that are fully compliant with *Uniform Guidance*.

3.4.2 Providing Assistance to Governmental Agencies

State Agency ICRPs

Maximus prepares hundreds of state agency ICRPs each year. The range of agencies we have worked with includes human services, economic development, law enforcement, infrastructure, environmental, and agricultural agencies. Subject matter experts are available throughout Maximus who can advise clients on claiming issues related to their program. *Exhibit 3.4.2-1: Maximus ICRP Experience* identifies states in which we have prepared agency ICRPs.

ICRP Experience			
Alabama	Kansas	Minnesota	Ohio
Alaska	Kentucky	Mississippi	Pennsylvania
Connecticut	Maine	Nebraska	Rhode Island
Delaware	Maryland	New Jersey	South Carolina
Florida	Massachusetts	New York	South Dakota
Hawaii	Michigan	North Carolina	Texas
Illinois			Virginia

Exhibit 3.4.2-1: CAP/ICRP Experience. *Maximus has an extensive background providing ICRP services to both state governments across the country.*

Data Security

Maximus takes our responsibility to secure and protect your data very seriously. In many of our engagements, we take custody of data that is confidential and must be secured. To protect your data, we take the steps depicted in *Exhibit 3.4.2-2: Maximus Data Security Protocols*.

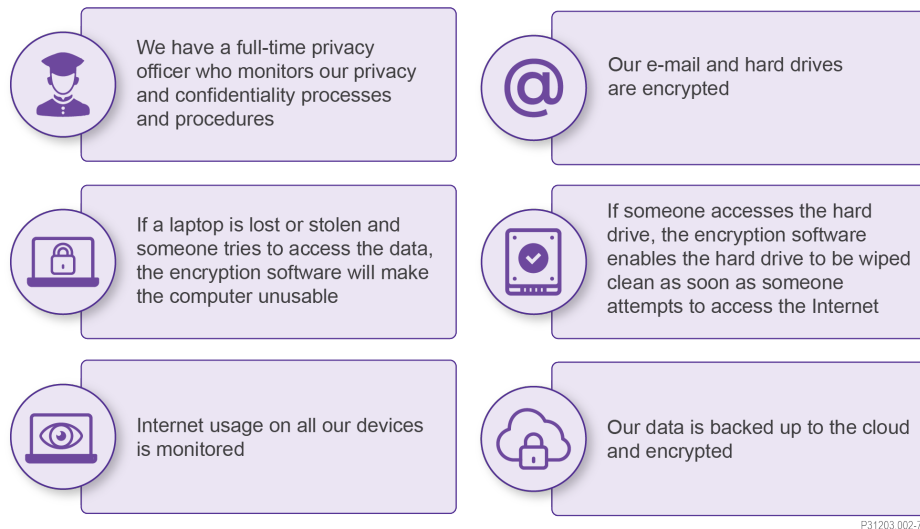


Exhibit 3.4.2-2: Maximus Data Security Protocols. *Maximus views data security as an integral part of all engagements; Our corporate resources and an infrastructure protect customer data properly and securely.*

Unlike Maximus, a lower-cost vendor may not be able to afford this level of security and may not take these steps to protect your sensitive data. This could result in significant hidden costs. A real value to contracting with a large, established company like Maximus is a reliable infrastructure and capacity to properly protect your valuable and sensitive data.

3.4.3 Other Relevant Experience

State Agency ICRPs

Maximus prepares hundreds of state agency ICRPs each year. The range of agencies we have worked with includes human services, economic development, law enforcement, infrastructure, environmental, and agricultural agencies. We have subject matter experts throughout Maximus to advise clients on claiming issues related to their type of program. *Exhibit 3.4.3-1: Maximus ICRP Experience* identifies states in which we have prepared agency ICRPs.

ICRP Experience			
Alabama	Kansas	Minnesota	Ohio
Alaska	Kentucky	Mississippi	Pennsylvania
Connecticut	Maine	Nebraska	Rhode Island
Delaware	Maryland	New Jersey	South Carolina
Florida	Massachusetts	New York	South Dakota
Hawaii	Michigan	North Carolina	Texas
Illinois			Virginia

Exhibit 3.4.3-1: CAP/ICRP Experience. *Maximus has an extensive background providing ICRP services to both state governments across the country.*

3.4.3.1 Billing Rates for Direct Bill Services (Section II)

While states are usually most concerned about timely submission of their annual SWCAPs, federal negotiators have started to place more emphasis on Section II requirements. Section II relates to the supplemental information required that describes how fringe benefit and internal services are billed. In the 1980s, HHS/Division of Cost Allocation (DCA, now CAS) observed that states recovered more federal funds from direct billed versus indirect charged costs. DCA then began requiring each state to submit, as an addendum to its SWCAP, financial statements and billing procedures for each billed service. Billed services are often created for computer services, telecommunications, facility occupation, fringe benefits, supplies, etc.

CAS has developed an ever-growing set of rules to guide its review of billed service charges. These started with targets for “working capital balances” and have expanded to include settlement procedures for over- or under-billings. The settlement procedures are extremely onerous for states. A grant appeals decision (New Mexico v. HHS) no longer allows states to offset over- and under-billings. This prohibition makes it incumbent on states to carefully review their billed service rates and make timely adjustments for any discrepancies.

No other consulting firm has the depth of skills such as Maximus in statewide cost allocation; department cost allocation and rate setting; billed services rate setting, reporting, and negotiation; and specifically Information Technology (IT) rate setting and cost recovery. *Exhibit 3.4.3.1-1: Maximus ISF Experience* lists the states we have assisted with Internal Service Fund (ISF) related rate setting.

ISF Experience			
Alabama	Georgia	Michigan	Ohio
Alaska	Hawaii	Minnesota	Oklahoma
Arizona	Idaho	Mississippi	Pennsylvania
Arkansas	Illinois	Montana	Rhode Island
California	Indiana	Nevada	Utah
Colorado	Louisiana	New Mexico	Vermont
Delaware	Maryland	New York	West Virginia
Florida	Maine	North Carolina	Wyoming

Exhibit 3.4.3.1-1: Maximus ISF Experience lists the states we have assisted with Internal Service Fund (ISF) related rate setting.

3.4.4 Contracts During the Last Five Years

As shown in *Exhibit 3.4.4-1: Established Experience Record*, Maximus has successfully provided these services for numerous state and local governments. Due to the large number of CAPs that we provide each year, we have limited this list to those clients for whom we have prepared SWCAPs in the past five years or are currently doing so. Internal contract reference numbers will be provided upon request. **[Start of Proprietary Information]**

Proposal for WA Office of Financial Management
RFP NO . 25-400

Proposal for WA Office of Financial Management
RFP NO . 25-400

[illegible]

[illegible]

State of Illinois

Exhibit 3.4.4-1: Maximus ISF Experience lists the states we have assisted with Internal Service Fund (ISF) related rate setting.