

Fringe Benefits

revised 7/2018

Fringe Benefit Costs in Proposal Budgets

Show estimated fringe benefit costs as separate budget lines or object codes in a cost reimbursement budget. The university establishes individual estimating rates for the categories of employee listed below. Once the salary amount is determined, fringe benefits are calculated as a percentage of the total salary for each individual or category of employee. These percentages are intended to provide adequate funding to cover the actual fringe benefit costs that will be charged to sponsors.

Composite Fringe Benefits Rates for Proposal Budgets:

The university establishes individual estimating rates for the categories of employee listed below. Once the salary amount is determined, fringe benefits are calculated as a percentage of the total salary for each individual or category of employee. These percentages are intended to provide adequate funding to cover the actual fringe benefit costs that will be charged to sponsors.

Employee Category	Composite Rate
EPA Faculty/Staff (>0.75 FTE) Composite Fringe	34%
SPA Faculty/Staff (>0.75 FTE) Composite Fringe	40%
Students (enrolled/academic year)	0.03%
Temporary Employees and Students (non-enrolled/summer)	8.00%

Fringe Benefits Cost Components:

Fringe benefits are allowable under applicable Cost Principles found in (2 CFR 200 Subpart E). UNCG pays the same components of fringe benefits for all employees. The variations are based upon the employee's category, selected retirement plan and Federal tax exemption status. The Government has agreed to allow UNCG to use a simplified method for estimating fringe benefit costs in proposal budgets to ensure that sufficient funds are budgeted. This simplified method uses a single composite percentage rate for each category of employee.

UNCG does not invoice sponsors based upon these estimating rates, and does not charge sponsors based upon a composite pre-negotiated fringe benefit rate agreement. The UNCG payroll system calculates the exact salary and fringe benefits paid for every employee per pay period, and then invoices project sponsors based upon these actual costs incurred.

UNCG negotiates a separate fixed Fringe Benefit Rate for "claims-Made" benefits with the Department of Health and Human Services (DHHS), [Division of Cost Allocation Services \(CAS\)](#), Central Region. The fixed rate is based on an estimate of the claims-made benefit costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to the rate for the future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

Fringe Benefit Components	FY 19 Rate
FICA /Medicare and Medicaid	7.65%
Optional Retirement	13.25%
State Retirement	18.86%
Medical	\$6,104
Negotiated Rate (Claims-Made) - Permanent Employees	1.8%
Negotiated Rate (Claims-Made) – Temporary/Student Employees	0.0%

**Please note that the rates for FY19 retirement and medical are subject to change by the state legislature. Updates will be made available to the UNCG research community as soon C&G/OSP are notified of any changes.*

UNCG utilizes a negotiated fringe benefit rate to recover **claims-made** fringe benefit costs based on a rate approved by the federal government on an annual basis. The University developed Fringe Benefit Rates by employee category, in compliance with 2 CFR 200, section 200.431. Fringe Benefit Rates were calculated for two different Employee Categories:

- Permanent Faculty and Staff
- Non-Permanent Temporary and Student Employees

The Fringe Benefit rates are charged as a function of all salaries in each employee category in order to recover the **claims-made** expenses of Workers' Compensation, Unemployment Compensation, Accrued Leave Payouts and Severance, Short Term Disability, and the Employee Assistance Program. This approach is as described in Section II of the [University's Facilities and Administrative \(F&A\) Rate Agreement](#).

Other fringe benefits such as FICA Taxes, Medical Insurance, Retirement Benefits and Tuition Waivers are determined by the federal government (FICA & FICA medical) and State of North Carolina (health insurance & retirement) and **are not negotiated** with our cognizant agency because they are subject to the State of NC approvals by State Legislature, and **directly charged** to each funding source on campus proportional to their salary expenses.

Calculation of the Fringe Benefit Rate

The Fringe Benefit Rate is calculated by the development of a pool of Fringe Benefit Costs (the numerator) and of a salary and wage base (denominator). The pool consists of costs for the **claims-made** benefits provided to employees. A Fringe Benefit Rate is developed by dividing the cost pool by the base; this rate represents the percentage that must be multiplied by employees' salaries and wages expended.