

PURDUE

UNIVERSITY

To: Regional Campus Vice Chancellors, Business Managers, Fiscal Directors of Housing and Food Services, and Physical Facilities

RE: Budgeting Fringe Benefits for Sponsored Programs and Other Chargeable Accounts

Date: July 25, 2018

The purpose of this memo is to provide information to assist in budgeting fringe benefit costs for sponsored programs and other accounts chargeable for fringe benefits. Three attachments provide detailed information for budgeting fringe benefit costs.

Attachment A outlines the approved charge rates used to estimate future fringe benefit costs. A narrative is provided describing each benefit program included in the total fringe benefit rate.

Attachment B identifies maximum budget rates by staff classification and salary level for the West Lafayette Campus. This table should be used for budgeting and planning fringe benefit costs on all chargeable accounts excluding sponsored program accounts. Attachment B also includes a table detailing the benefit programs applicable to each staff classification.

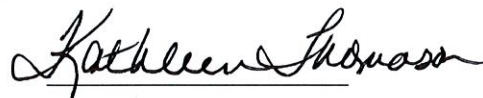
Attachment C designates the fringe benefit budget rates to be used for preparation of all Sponsored Program budgets for proposed work on the West Lafayette campus. These rates are based on an average salary for each employment category. A single rate for each employment category is necessary to assure that fringe benefits are budgeted consistently across the University and for all sponsors.

Questions or comments regarding the rate tables should be directed to the Costing Office at (765) 494-1060 or costing@purdue.edu.

Ken L. Sandel, Senior Director
Sponsored Program Services



Kathleen Thomason,
Comptroller



Attachments

cc: Costing Office

Attachment A 2018-19 Fringe Benefit Budget Rates

1. Worker's Compensation

The established charge rates are as follows:

	Classification	Rate	Base
a.	Service staff	1.34%	Total budgeted service staff salaries and wages
b.	Staff employed in foreign countries	1.96%	Budgeted salaries for overseas periods for staff employed to work in foreign countries
c.	Faculty, Administrative, Clerical	0.13%	Total budgeted staff salaries and wages
d.	Bus Drivers, Chauffeurs	1.05%	Total budgeted staff salaries and wages
e.	Student Flight Instructors	1.68%	Total budgeted staff salaries and wages

NOTE: Classifications d. and e. are not appropriate on sponsored programs.

2. Unemployment Compensation

West Lafayette	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings
- HFS	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings
Fort Wayne	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings
PU Northwest	0.05625% (.0005625/\$1) of the first \$9,500 of annual earnings

The rate is applicable to all University employees with the exception of the following:

- a. Purdue student employees who are enrolled in and are attending classes. However, the rate will be applied to students employed during the summer if the student is not enrolled in classes.
- b. Work study students
- c. Graduate students

Unemployment compensation will be \$0.0005625, and this rate will apply to the first \$9,500 in salaries and wages.

3. Liability Insurance

The current charge rate for liability insurance coverage is 0.19% of the total budgeted salaries for all staff and is projected to remain in effect until June 30, 2019.

4. Long Term Disability Insurance

The charge rate for Long Term Disability Insurance is 0.25% of total budgeted salaries for all staff with the exception of graduate students, student labor, and temporary staff.

Attachment A 2018-19 Fringe Benefit Budget Rates

5. Group Life Insurance

The University will provide and pay for basic life insurance coverage equal to 1.5 times the annual salary. The employee will be able to purchase supplemental optional insurance of 1-8 times the annual salary at their own expense through payroll deduction.

The life insurance rate is set at \$1.82/\$1000 of coverage. The cost of any additional coverage will not be supported by the University. Purdue also provides a basic \$15,000 accidental death and dismemberment (AD&D) benefit per employee at a rate of \$.0182/\$1000/month

6. Health Insurance

Health benefit premiums are reviewed annually, and rates are set by the Board of Trustees. Purdue's health plan is self-insured through employee and University contributions.

The following internal charge rate should be used for budgeting purposes:

The current annual rate for employer charge portion for health insurance for eligible employees is \$10,495 for calendar year 2018. Human Resources are anticipating that health insurance costs will increase to \$11,230 for calendar year 2019. For budgeting purposes, the rate of \$11,230 was used for fiscal year 2018-19.

The University contribution is identified with each individual and charged to internal accounts through the payroll charge system.

7. Social Security

Social Security contributions are made as follows:

Social Security contributions for calendar year 2017 are calculated at 6.2% on the first \$127,200 of salary. For calendar year 2018, contributions are calculated at 6.2% on the first \$128,400. It is anticipated that the contributions for calendar year 2019 will be 6.2% on the first \$128,400. For budgeting purposes a rate of \$128,400 was used.

Medicare Tax is an additional 1.45% on all salaries.

These contributions are not made on behalf of graduate students or the student labor category.

8. Defined Contribution Plan for Faculty and Administrative Staff

The University retirement contribution will be 10%. Only faculty and administrative staff who have fulfilled the eligibility requirements will receive this benefit.

9. Retirement Plans for Eligible Non-Exempt Employees

The PERF plan is a state pension program consisting of two parts. Part I is a Defined Benefit Plan. Part II is the Defined Contribution Plan called the Annuity Savings Account. Extension agents hired before 1/01/84 are also eligible for this retirement plan. PERF contributions are determined by the State of Indiana.

Attachment A 2018-19 Fringe Benefit Budget Rates

PERF

Part I - Defined Benefit Plan

Effective 7/1/13, the rate to be used in estimating the Defined Benefit Pension Portion of PERF requirements is 11.20% of total budgeted salaries and wages for clerical, service, operations assistants, and technical assistants.

Part II - Defined Contribution Portion

The University makes contributions of 3% of pay into each Annuity Savings Account for clerical, service, operations assistants, and technical assistants.

Part I: 11.20% and Part II: 3% are combined to arrive at the total estimate used for budgeting retirement for eligible non-exempt employees which is 14.20%.

Defined Contribution Retirement and Savings Plan

On May 10, 2013, the University's Board of Trustees approved a plan to place newly hired, non-exempt employees in a defined contribution retirement plan in place of the current PERF plan. New non-exempt employees hired on or after September 9, 2013 will be enrolled in a defined contribution plan called the Retirement and Savings Plan. At the current time, approximately 41% the total of clerical, service operations assistants, and technical assistants employed by the University are enrolled in the Retirement and Savings Plan. Costing will continue to monitor the number of employees enrolled in the Retirement and Saving Plan and determine if adjustments are needed to staff classifications included in Attachment B and Attachment C.

The University base retirement contribution will be 4%, and the University will match the employee pre-tax contributions up to 4% for clerical, service, operations assistants, and technical assistants hired on or after September 9, 2013.

10. Staff Fee Remission and Other Fee Remissions

The staff fee remission represents the reduced tuition fees paid by staff members. The proposed staff remission rate is 0.06% of total budgeted salaries and wages for all staff, except student labor and temporary employees.

The other fee remission amount represents the reduced tuition fees paid by staff members for staff spouses and dependents. The proposed other fee remission rate is 0.42% of total budgeted salaries and wages for all staff, except student labor and temporary employees.

As a reminder: Beginning 7/1/99, the charging of other fee remissions to federal funds is prohibited.

The staff fee remission amount is included in the rates indicated in Attachment B. The other fee remission amount is **not** included in the rates indicated in Attachment B. When applicable, the other fee remission amount should be budgeted as a separate dollar amount.

The graduate student fee remission is a separate direct cost amount, and is not included in this rate. These charges are not applicable to regional campuses.

Attachment A

2018-19 Fringe Benefit Budget Rates

11. Graduate Fee Remissions

The West Lafayette graduate fee remission charge system is reviewed on an annual basis. As a result of that review, the graduate fee remission charge rate of \$860 per pay period was proposed for 2018-19. The 2018-19 rate of \$860 per pay period will remain in effect until Costing performs its annual Graduate Fee Remission analysis. The annual analysis of the grad fee remit rate will be completed after year end, and if there is a significant difference, the rate will be adjusted accordingly.

The graduate student fee remission is a separate direct cost amount and is not included in the rates in Attachment B. These charges should be budgeted for separately and are not applicable to regional campuses.

The Purdue Northwest (PNW) graduate fee remissions were calculated using the same method that was used when the rate was initially calculated in West Lafayette in 1981. The charge rate is set at \$650 for 2018-19.

12. Graduate Medical Insurance

Health insurance costs are charged for Graduate Assistants employed at least .50 FTE. For August 2018 through July 2019, the University contribution of \$1,441 is identified with each individual and is distributed to internal accounts through the payroll charge system.

Graduate Teaching Assistants, Graduate Research Assistants, and Graduate Administrative/Professional appointments are eligible for health insurance. These appointments are in employee group J (Graduate Students) and employee subgroup, pay with benefits.

The University contribution will be distributed in eight equal installments (Sept – Apr) for AY payroll area, and the FY payroll area is deducted in twelve equal installments. Health insurance for graduate students with greater than 0.50 CUL is included in the rate indicated in Attachment B.

Attachment B

Purdue University
2018-19 Fringe Benefit Budget Rates

Salary Level	up to \$14,999	\$15,000 to \$19,999	\$20,000 to \$24,999	\$25,000 to \$29,999	\$30,000 to \$34,999	\$35,000 to \$39,999	\$40,000 to \$44,999	\$45,000 to \$49,999	\$50,000 to \$54,999	\$55,000 to \$59,999	\$60,000 to \$64,999	\$65,000 to \$69,999
Staff Classification:												
Faculty / Administrative	130.92%	93.46%	74.73%	63.49%	56.00%	50.65%	46.63%	43.51%	41.01%	38.97%	37.27%	35.83%
Faculty / Administrative (No Defined Contribution Plan) (1)	120.92%	83.46%	64.73%	53.49%	46.00%	40.65%	36.63%	33.51%	31.01%	28.97%	27.27%	25.83%
Civil Service (Before 01/01/84)	127.47%	90.01%	71.28%	60.04%	52.55%	47.20%	43.18%	40.06%	37.56%	35.52%	33.82%	32.38%
Overseas Faculty	132.75%	95.29%	76.56%	65.32%	57.83%	52.48%	48.46%	45.34%	42.84%	40.80%	39.10%	37.66%
Operations / Technical Assistants	135.12%	97.66%	78.93%	67.69%	60.20%	54.85%	50.83%	47.71%	45.21%	43.17%	41.47%	40.03%
Service Staff	136.33%	98.87%	80.14%	68.90%	61.41%	56.06%	52.04%	48.92%	46.42%	44.38%	42.68%	41.24%
Clerical Staff	135.12%	97.66%	78.93%	67.69%	60.20%	54.85%	50.83%	47.71%	45.21%	43.17%	41.47%	40.03%
Graduate Staff (appointments ≥ .50 CUL) (3)	14.79%	9.99%	7.59%	6.14%	5.18%	4.50%	3.98%	3.58%	3.26%	3.00%	2.78%	2.60%
Graduate Staff (appointments < .50 CUL) (4)	0.38%											
Student Labor (2)	0.32%											
Temporary Staff (2)	8.02%											
Salary Level	\$70,000 to \$74,999	\$75,000 to \$79,999	\$80,000 to \$84,999	\$85,000 to \$89,999	\$90,000 to \$94,999	\$95,000 to \$99,999	\$100,000 to \$104,999	\$105,000 to \$109,999	\$110,000 to \$114,999	\$115,000 to \$119,999	\$120,000 to \$124,999	\$125,000 and higher
Staff Classification:												
Faculty / Administrative	34.59%	33.52%	32.58%	31.76%	31.02%	30.37%	29.77%	29.24%	28.75%	28.31%	27.90%	27.52%
Faculty / Administrative (No Defined Contribution Plan) (1)	24.59%	23.52%	22.58%	21.76%	21.02%	20.37%	19.77%	19.24%	18.75%	18.31%	17.90%	17.52%
Civil Service (Before 01/01/84)	31.14%	30.07%	29.13%	28.31%	27.57%	26.92%	26.32%	25.79%	25.30%	24.86%	24.45%	24.07%
Overseas Faculty	36.42%	35.35%	34.41%	33.59%	32.85%	32.20%	31.60%	31.07%	30.58%	30.14%	29.73%	29.35%
Operations / Technical Assistants	38.79%											
Service Staff	40.00%											
Clerical Staff	38.79%											
Graduate Staff (appointments ≥ .50 CUL) (3)	2.44%											
Benefits incorporated in above rates (see attachment A for further detail)	Health / Medical	Group Life Insurance	Defined Contribution Plan Retirement	PERF Retirement	Social Security	Long term Disability	Worker's Compensation	Unemployment	Liability	Staff Fee Remission		
Faculty / Administrative	X	X	X		X	X	X	X	X	X		
Faculty / Administrative (No Defined Contribution Plan) (1)	X	X			X	X	X	X	X	X		
Civil Service (Before 1/01/84)	X	X		X		X	X	X	X	X		
Overseas Faculty	X	X	X		X	X	X	X	X	X		
Operations / Technical Assistants	X	X		X	X	X	X	X	X	X		
Service Staff	X	X		X	X	X	X	X	X	X		
Clerical Staff	X	X		X	X	X	X	X	X	X		
Student Labor (2)							X		X			
Temporary Staff (2)							X	X	X			
Graduate Staff (3)	X						X		X	X		
Graduate Staff (4)							X		X	X		
(1) Includes Visiting Staff and Post Doctoral Research appointments												
(2) These rates apply regardless of salary level.												
(3) Grad Insurance (for J APPTS ≥ .5 FTE) is rolled into the calculation for Fringe Benefits												
(4) Grad insurance is not applicable for J APPTS < .5 FTE. In this case, there will be a flat rate irrespective of the salary level												

**PURDUE UNIVERSITY
WEST LAFAYETTE CAMPUS
ESTIMATED DEFAULT MEDICAL RATES**

	2018 PURDUE MEDICAL BENEFITS	ESTIMATED 2019 PURDUE MEDICAL BENEFITS
	University Contribution	University Contribution
<i>All Purdue Plans</i>		
Employee Only	10,495	11,230
Employee & Children	10,495	11,230
Employee & Spouse	10,495	11,230
Family	10,495	11,230

**PURDUE UNIVERSITY
WEST LAFAYETTE CAMPUS
ESTIMATED DEFAULT WORKER'S COMPENSATION RATES**

<u>Classification</u>	<u>Current 2018 Rates</u>	<u>2019 Rates</u>	<u>Base</u>
Service staff	1.90%	1.34%	Total budgeted service staff salaries and wages
Staff employed in foreign countries	2.80%	1.96%	Budgeted salaries for overseas periods for staff employed to work in foreign countries.
Faculty, Administrative, Clerical	0.19%	0.13%	Total budgeted staff salaries and wages
Bus Drivers, Chauffeurs	1.50%	1.05%	Total budgeted staff salaries and wages
Student Flight Instructors	2.40%	1.68%	Total budgeted staff salaries and wages

Attachment C

FRINGE BENEFIT BUDGET RATES FOR SPONSORED PROGRAMS

RATES FOR 2018-19

Cost Element Category	Employee Group	2017-18 Estimated Annual Salary	2018-19 Estimated Annual Salary ⁶	Fringe Benefit Budget Rate
Tenured and Tenure Track Faculty (with insurance & Defined Contribution Plans)	C, S, Y, D, E, K	\$ 119,623	\$ 122,015	27.9%
Visiting Faculty (with out Defined Contribution Plans)	C, S, Y, D, E, K	\$ 53,471	\$ 54,540	31.0%
Administrative A/P ¹ (with Defined Contribution Plans)	A, L	\$ 75,102	\$ 76,604	33.5%
Administrative A/P ¹ (with out Defined Contribution Plans)	A,L	\$ 53,397	\$ 54,465	31.0%
Administrative A/P (with PERF)	O	\$ 43,569	\$ 44,440	50.8%
Administrative A/P (with Defined Contribution Plans)	A	\$ 75,102	\$ 76,604	33.5%
Administrative A/P (with out Defined Contribution Plans)	A	\$ 53,397	\$ 54,465	31.0%
Overseas Personnel ² (Use Faculty w/Defined Contribution Plans Gross Pay per FTE)		\$ 119,623	\$ 122,015	29.7%
Clerical	B	\$ 34,976	\$ 35,675	54.9%
Service	U	\$ 31,906	\$ 32,544	61.4%
Graduate Students ³	J	\$ 42,114	\$ 42,957	4.0%
Graduate Students ⁴	J	N/A	\$ -	0.4%
Extra Labor ⁵	Students & Temporary	\$ -	\$ -	8.0%

¹ Rate category will also be used for Extension Agents (80As)

² Tenured and Tenured Track Faculty Estimated Annual Salary used to determine the corresponding Overseas Personnel default rate.

³ The Grad Insurance is rolled into the calculation of Fringe Benefits which requires an average Graduate Salary (for G AND 90A APPTS≥.5 FTE)

⁴ The Grad Insurance does not apply to grads (for G AND 90A APPTS<.5 FTE) . In this case, regardless of the salary level, these rates would apply.

⁵ Attachment B rate for Students and Temporary Staff are 0.38% and 8.25% respectively. To be conservative, the Temporary Staff rate will be utilized for this category.

⁶ Estimated annual salary is based on an increase of 2%. Salary inflation for proposal budgeting purposes may be different and should follow guidance issued by Sponsored Program Services.

Sponsored Program Services

Memorandum

To: Pre-Award, Sponsored Program Services

Re: Budgeting Graduate Student Fringe Benefits for Sponsored Programs

Date: September 20, 2018

On July 25, 2018 information was provided to all Purdue University campuses for budgeting fringe benefits for sponsored programs and other chargeable accounts. For Sponsored Programs Services, this memo provides additional guidance related to implementing the new rates for graduate students.

The rates provided in Attachment C of the above referenced letter are based on an estimated full-time annual salary. Given that the majority of graduate students budgeted on sponsored programs maintain a 50 CUL or less, we need to budget accordingly. Please use the table below to determine the applicable fringe benefit rate for graduate student appointments at varying CUL levels. Please note that the fringe benefit budget rate is based on the budgeted range of \$40,000 - \$44,999 from Attachment B.

Graduate Student Appointment	Fringe Benefit Budget Rate
100 CUL	4.0%
75 CUL	5.2%
50 CUL or 25 CUL with an additional 25 CUL appointment**	7.6%
25 CUL	0.4%
Other Graduate Students without Insurance	0.4%

**If the budget includes a Graduate Student at 25 CUL and it is expected that the Graduate Student will also hold an additional 25 CUL position, fringe benefits should be budgeted using a rate of 7.6%.

 9/21/18

Ken Sandel, Senior Director
Sponsored Program Services

cc: Kim Hoebel, Managerial Accounting
Stephanie Willis, SPS