

How to Calculate Fringe Benefit Rates (For Contract and Grant Proposal Budgets)

Issued May 1, 2009

When preparing a proposal budget, you will need to know not only the salary but also the fringe benefit rate of all employees who will be paid from the award. The term fringe benefits includes the following employment related costs at UCR (not all of the below costs are applicable to every employee):

1. Percentage Based Benefits
 - a. FICA (Social Security and Medicare)
 - b. Workers Compensation Insurance
 - c. Employee Support Program
 - d. Unemployment Insurance
 - e. UC Retirement Plan (employer contribution to resume April 1, 2010)
 - f. Vacation Assessment
 - g. Staff Recognition & Development Award Program
 - h. Other Post Employment Benefit (formerly Annuitant Health)
 - i. Benefits Administration Rate
2. Flat Rate Benefits
 - a. Health Insurance
 - b. Life Insurance
 - c. Core Life Insurance
 - d. UC Paid Disability
3. Benefits Posted Outside the Payroll System
 - a. General Liability (Percentage Based: Source Code GEL)
 - b. Employment Practices (Percentage Based: Source Code GEL)
4. Benefits for Graduate Students Only
 - a. Graduate Student Health Insurance Program (GSHIP)
 - b. Graduate Student Fee Remission
 - c. Graduate Student Tuition Remission (Non-resident Students Only)
 - d. Dependent Care Reimbursement

To obtain the current year's percentages and flat rate amounts for these benefits, go to http://accounting.ucr.edu/pay_cal.htm and select the correct year.

A Current UCR Employee

To calculate a current employee's fringe benefit rate, use UCR's web-based Super DOPE application to download the individual's actual salary and benefits. (If the employee's position has been reclassified recently, only download actual data from the date of change forward. The goal is to capture information that is most predictive of what the benefit rate will be during a future budget period – so use your judgment as to the appropriate block of time to download.)

- From the opening Super DOPE screen (the Criteria tab) select the appropriate fiscal years and periods/months, department and organization code, and then select the employee. Click on the icon to the right of DOS (Description of Service) and select REG (Regular). You may choose to also include any stipend-type DOS codes if the employee is being paid a stipend that would be continued during the project period.
- Click on the Columns tab, which opens showing Common Fields. Select the Title Code, End Date, DOS, Pay Rate, Gross Amount, Time Hours, and Time Percent fields.
- Click on the Benefit Fields link and click on the Show Total Benefits option.
- Click on the *Other Fields* link and select the Title Code Desc field.
- Click the Search button and download your query results to Excel.
- From within Excel, delete any end dates that you do not need (if necessary), and total the Gross Amount and Total Benefits columns.
- Divide the sum of Total Benefits by the sum of Gross Amount (don't forget to change the format of the answer to percent) and you have this current employee's fringe benefit rate.

Please note that if an employee's title and pay rate has recently changed or will change, the employee's actual fringe benefit rate may change. As a general rule for non-ladder rank academics and career staff, the lower the salary, the higher the benefit rate. Conversely, as the salary gets higher, the benefit rate gets lower.

Note that by not choosing the DOS code VAC, vacation usage has been excluded while vacation accrual costs have been included as part of this calculation.

An Employee Who Is to Be Hired or Is Not Known

To calculate the total labor cost for employees who have not yet been hired, you will need to know the official UCR Title that will be used. With the correct title, you can look up the associated salary range on the *UC Title and Pay Plan* chart, which is on the Human Resources website at <http://hr.ucr.edu/tpp>. Determine the salary at which the new employee is expected to be hired and select the appropriate composite rate from the *Composite Employee Benefit Rates* chart on the Office of Research website at [Proposal Preparation Quick Reference](#).

Postdoctoral Scholars (often referred to as Post Docs)

These academic employees have different medical, life, disability, and workers' comp rates. If you are calculating these rates for someone who will be hired as a Post Doc, but who is not currently a UCR employee, go to the Office of Research [Proposal Preparation Quick Reference](#) where all composite rates are listed. For additional information you may also go to

http://accounting.ucr.edu/pay_cal.htm, click on the Employer Cost link for the correct year, and scroll down to find details of the Post Doctoral Scholar Benefit Plans.

Any Current Employee and Future Employee (“to be named” position)

There are currently two benefit costs that are posted outside the payroll system in two different Budget Categories (BCs).

1. General Liability posts in BC47, Other, S&E, in account 780220 Insurance, Gen Liab & Comp
2. Employment Practices Liability posts in BC47, Other, S&E, in account 780210, Insurance, Employment Related

Because these expenses are not calculated or posted through the payroll system, you will not see these expenses when you download payroll information from the Super DOPE for a current employee. In addition, when you look up a composite fringe benefit rate for a future employee in the [Proposal Preparation Quick Reference](#), you will also not see these two components.

To correctly budget the complete cost of employment, these costs should be included. The current year’s rates for these expenses are at http://accounting.ucr.edu/pay_cal.htm.

Important Considerations

While this may be self evident, it is important to remember that actual costs posted to a Contract or Grant may differ from those costs estimated for budget purposes. There are many instances where budgeted costs may vary from actual costs. The actual rate is what will be charged to the sponsor.

The Communication Worker Fee is not currently charged to Contract & Grant funds and should not be budgeted as a fringe benefit or any other type of direct cost in a proposal budget.

This guidance may not be applicable to ladder-rank academics with 9 month appointments as individuals with less than annual appointments may be subject to significant changes in their actual fringe benefit rate between the academic year and summer months.