

University of Massachusetts
Amherst

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The State Comptroller's Office has issued preliminary fringe benefit rates for FY09 and they are significantly lower than the current year rates:

Category	FY08	FY09 Preliminary
Group Insurance, Retirement, and Terminal Leave	38.32%	24.50%
Worker's Compensation	.34%	.33%
Unemployment Insurance, Universal Health Insurance, and Medicare Tax	1.33%	1.30%
Staff Sick Leave Backfill	.18%	.20%
Total	40.17%	26.33%

The FY08 rate increased because the Commonwealth for the first time decided to fund a portion of the liability related to other postemployment benefits (OPEB) such as retiree medical and dental costs. This component has been excluded from FY09 calculation and that is the primary reason why the fringe rate is declining. It makes good fiscal sense for the Commonwealth to fund the OPEB liability and so it is likely that it will resurface in a future fiscal year.

As I noted at the beginning of this email, this is only a preliminary rate. It has been submitted to the U.S. Department of Health and Human Services for approval. Once a final rate is announced (perhaps not until this summer) we will inform the campus immediately and provide further information on when the new charge will begin appearing in the general ledger.

If you have any questions please do not hesitate to contact me.

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