

From: Juan A. Jarrett
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Subject: Proposed FY2007 Fringe Benefit Rate & new Health & Welfare Rates for Staff & Faculty

The Commonwealth of Massachusetts Office of the State Controller (OSC) recently advised all agencies and departments that the proposed fringe rate for FY 2007 is 31.00%. This fringe benefit rate has been submitted by the State to the U.S. Department of Health and Human Services for approval. The increase in the FY2007 rate is due primarily to the increase in the Commonwealth's share of health insurance premium costs of active state employees.

While the 31% fringe benefit rate is still in the proposal stage, departments with non-state personnel expenditures should adjust their budget planning for FY2007 with this proposed fringe benefit rate in mind. We anticipate receiving official notification from the State of the approved FY2007 fringe benefit rate later this spring.

Please note that health and welfare employer contribution rates for non-unit exempt and non-exempt staff were increased from \$11.00 to \$12.00 per week effective 1/1/2006. Health and welfare employer contribution rates for employees in IBPO represented positions increased from \$10.00 to \$11.00 per week effective 1/1/2006.

Health and welfare employer contribution rates for MSP faculty, USA/MTA staff and GEO graduate student employees will also increase \$1.00 effective 1/1/2006. Implementation of these health and welfare employer contribution rates are pending legislative approval of the University's state funding request for the associated collective bargaining agreements. Departments with non-state personnel expenditures for faculty, staff and graduate student employees should adjust their budget planning for the remainder of FY2006 and for FY2007 to account for these changes in health and welfare employer contribution rates.

Please call my office at 545-0380 if you have any questions.