



# The Texas A&M University System

## System Office of Budgets and Accounting

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June 27, 2005

### MEMORANDUM

**TO:** Chief Financial Officers  
Academic Institutions and Service Agencies

**FROM:** Janet S. Guillory  
Director of Accounting *Janet S. Guillory*

**SUBJECT:** FY2006 Budgeting for Fringe Benefits on Sponsored Agreements

For fiscal year 2006, please use the fringe benefit rates listed below when calculating fringe benefits for sponsored agreement budgeting purposes. This will not impact reimbursements from sponsored agreements, as fringe benefits will continue to be reimbursed at the actual dollar amount of expenditure, rather than the budgeted amount.

Beginning July 2000, the State does not have to pay social security and Medicare for students who meet certain criteria. Please refer to <http://sago.tamu.edu/soba/TaxManual/AppendixC.htm> for those criteria. For the purposes of fringe benefit budgeting, students that meet the criteria will be called FICA Exempt Students. For students that do not meet the criteria, choose the employee category that applies to them.

#### FY2006 FRINGE BENEFITS FOR BUDGET PURPOSES

Employees Eligible for all Fringe Benefits	15.6% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
Employees Not Eligible for Group Insurance & Retirement	8.35% of direct salaries & wages
FICA Exempt Students Eligible for Group Insurance But Not Eligible for Retirement	.70% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
FICA Exempt Students Not Eligible for Group Insurance & Retirement	.70% of direct salaries & wages

#### FY2006 FIXED MONTHLY DOLLAR AMOUNT FOR GROUP (MEDICAL & BASIC LIFE) INSURANCE

Classification of Employee	Fixed Monthly Insurance Amount
Faculty and Staff – Full Time (100%)	\$435
Faculty and Staff – Part Time (50% - 99.99%)	\$213
Insurance Eligible Student [b]	\$187
Combined (all employees) [a]	\$392

[a] If you know the classification of the employee who will be working on the sponsored agreement, you may use the above figure that applies to them. Otherwise, use the combined amount (\$392).

[b] The fixed monthly insurance amount (\$187) is based on the ½ GIP state contribution. However, several System Members have chosen to supplement the remaining ½ of the contribution or the remaining health premium amounts, whichever is less, if one of the following requirements is met for FY2005: (The supplement is optional for System Members.)

#### Universities

Prairie View A&M University • Tarleton State University • Texas A&M International University • Texas A&M University • Texas A&M University at Galveston • Texas A&M University-Commerce  
Texas A&M University-Corpus Christi • Texas A&M University-Kingsville • Texas A&M University-Texarkana • West Texas A&M University

#### Agencies

Texas Agricultural Experiment Station • Texas Cooperative Extension • Texas Engineering Experiment Station • Texas Engineering Extension Service • Texas Forest Service  
Texas Transportation Institute • Texas Veterinary Medical Diagnostic Laboratory • Texas Wildlife Damage Management Service

1. The graduate assistant must have been hired by June 1, 2004.
- or 2. The graduate assistant must have received a supplement in FY2004.

Below are two tables, *for informational purposes only*. The first is a breakdown of the fringe benefit percentages. The second details what the State contributes monthly towards group (medical and basic life) insurance premiums for insurance eligible employees.

BREAKDOWN OF THE FRINGE BENEFIT PERCENTAGES

	TRS Eligible Employees [c]	ORP Eligible Employees [d]	Employees Not Eligible for a Retirement Plan	FICA Exempt Students
Social Security on first \$90,000 (employer portion) [e]	6.20%	6.20%	6.20%	NONE
Medicare	1.45%	1.45%	1.45%	NONE
Workman's Comp. Ins. [g]	.60%	.60%	.60%	.60%
Unemployment Comp. Ins. [h]	.10%	.10%	.10%	.10%
Retirement Plan	6.00%	8.50% [f]	NONE	NONE
Longevity Pay (based on years of service)				
<b>TOTAL</b>	<b>14.35%</b>	<b>16.85%</b>	<b>8.35%</b>	<b>.70%</b>
<b>Fringe Benefit Rate for Budgeting Purposes</b>	<b>15.6%</b>	<b>15.6%</b>	<b>8.35%</b>	<b>.70%</b>

- [c] Teacher Retirement System.
- [d] Optional Retirement Program.
- [e] \$90,000 was effective 1/1/2005. Social Security is subject to change as determined by federal law.
- [f] If an employee began participation in ORP after 9-1-95, the state contribution is only 6.00%. Based on SB264, a Member may make a supplemental contribution from any source of funds in an amount not to exceed 2.5% for employees who began participating in the ORP after August 31, 1995.
- [g] WCI Member assessments range from .25% to .60% based on previous claim experience. To see the assessments for each Member, go to <http://sago.tamu.edu/soba/budget/budget.html>.
- [h] Members are to determine an appropriate rate depending upon circumstances within the specific institution/agency/health science center (.10% is an estimate only).

**TCE exception:**

If the employee has a civil service appointment and is in TRS (or ORP after 9-1-95), the rate is 14.00%.  
 If the employee has a civil service appointment and was enrolled in ORP before 9-1-95, the rate is 15.15%.

MONTHLY STATE CONTRIBUTIONS TO GROUP (MEDICAL AND BASIC LIFE) INSURANCE PREMIUMS

	Full Time (100%)	Part Time (50% - 99.99%)
Employee Only	\$344.41	\$172.21
Employee and Child(ren)	\$433.32	\$216.66
Employee and Spouse	\$486.66	\$243.33
Employee and Family	\$557.79	\$278.90

Please call Susan Petty or me at (979) 458-6100 if you have any questions.

- cc: Mr. James G. Hooton  
 Mr. Tom D. Kale  
 Ms. B. J. Crain  
 Ms. Sandra K. Brown  
 Mr. Mark Smock