



The Texas A&M University System

Associate Vice Chancellor for Budgets and Accounting

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June 16, 2006

MEMORANDUM

TO: Chief Financial Officers
Academic Institutions and Service Agencies

FROM: Janet S. Guillory
Director of Accounting

SUBJECT: Revised - FY2007 Budgeting for Fringe Benefits on Sponsored Agreements

For fiscal year 2007, 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://www.tamus.edu/offices/budgets-acct/tax/taxmanual/studrel.html> 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.

FY2007 FRINGE BENEFITS FOR BUDGET PURPOSES

Employees Eligible for all Fringe Benefits	16.1% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
Employees Not Eligible for Group Insurance & Retirement	8.85% of direct salaries & wages
FICA Exempt Students Eligible for Group Insurance But Not Eligible for Retirement	1.2% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
FICA Exempt Students Not Eligible for Group Insurance & Retirement	1.2% of direct salaries & wages

FY2007 FIXED MONTHLY DOLLAR AMOUNT FOR GROUP (MEDICAL & BASIC LIFE) INSURANCE

Classification of Employee	Fixed Monthly Insurance Amount
Faculty and Staff - Full Time (100%)	\$459
Faculty and Staff - Part Time (50% - 99.99%)	\$229
Insurance Eligible Student [b]	\$194
Combined (all employees) [a]	\$414

[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 (\$414).

[b] The fixed monthly insurance amount (\$194) 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 \$94,200 (employer portion) [e]	6.20%	6.20%	6.20%	NONE
Medicare	1.45%	1.45%	1.45%	NONE
Workman's Comp. Ins. [g]	1.1%	1.1%	1.1%	1.1%
Unemployment Comp. Ins. [h]	.10%	.10%	.10%	.10%
Retirement Plan	6.00%	8.50% [f]	NONE	NONE
Longevity Pay (based on years of service)				
TOTAL	14.85%	17.35%	8.85%	1.2%
Fringe Benefit Rate for Budgeting Purposes	16.1%	16.1%	8.85%	1.2%

[c] Teacher Retirement System.

[d] Optional Retirement Program.

[e] \$94,200 was effective 1/1/2006. Social Security is subject to change as determined by federal law. For calendar year 2007, employee wages up to an estimated \$98,400.

[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 .10% to 1.1% based on previous claim experience. To see the assessments for each Member, see attached excerpt from the FY2007 budget instructions.

[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	\$364.04	\$182.02
Employee and Child(ren)	\$458.02	\$229.01
Employee and Spouse	\$514.40	\$257.20
Employee and Family	\$589.58	\$294.79

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

- cc: Mr. James G. Hooton
 Ms. B. J. Crain
 Ms. Sandra K. Brown
 Mr. Mark Smock
 Ms. Susan Petty

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- Retirement
 - Membership in the retirement system (TRS and ORP) will begin at the time of employment. *The 90-day wait is still applicable for employee group health insurance coverage.*
 - Teachers Retirement System (TRS) - The retirement contribution for employees participating in TRS is 6.0 percent.
 - The employment of any new retirees will require the employer to fund the cost of BOTH the employee and employer retirement contribution amounts. This increased employer cost does not apply to retirees who were employed before September 1, 2005.
 - Optional Retirement Program (ORP) - The retirement contribution for employees participating in ORP is dependent upon hire date. Employees hired on or before August 31, 1995 are provided the same contribution during FY 2007 as they received during FY 1995 (8.5 percent). All other employees participating in ORP are provided an employer contribution of 6.0 percent. 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 on or after September 1, 1995. However, this election to modify the ORP employer contribution rates must be made at the beginning of the fiscal year and must apply to all eligible ORP employees.
- Workers' Compensation Insurance (WCI) - Assessments for the System WCI fund is based on past claims experience. The rate represents a percent of payroll (i.e. .45 = .0045 x payroll).

Member	Rate	Member	Rate
PVAMU	0.25	TAES	0.40
TSU	0.25	TCE	0.60
TAMIU	0.30	TFS	1.10
TAMU	0.30	TVMDL	0.25
TAMUG	0.45	TEES	0.15
TAMUC	0.45	TEEX	0.55
TAMUCC	0.55	TTI	0.15
TAMUK	0.45	TAMUSHSC	0.15
TAMUT	0.15	SAGO	0.10
WTAMU	0.25		

- Self-insured Property Program - premiums for the period March 1, 2006 through February 28, 2007 are as follows:

Member	Total Premium
PVAMU	
TSU	
TAMIU	
TAMU	
TAMUG	
TAMUC	
TAMUCC	
TAMUK	

- Unemployment Compensation Insurance (UCI) - Members are directed to determine an appropriate rate for UCI operations depending upon circumstances within the specific institution/agency/health science center. One technique that can be used to estimate the UCI rate is to determine the prior year's UCI amount as a percentage of total salaries paid. UCI shall be budgeted and operated as a designated service department.