



The Texas A&M University System

Associate Vice Chancellor for Budgets and Accounting

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June 18, 2007

MEMORANDUM

TO: Chief Financial Officers
Academic Institutions and Service Agencies

FROM: Sandy K. Brown, Comptroller

SUBJECT: Revised - FY2008 Budgeting for Fringe Benefits on Sponsored Agreements

For fiscal year 2008, 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.

FY2008 FRINGE BENEFITS FOR BUDGET PURPOSES

Employees Eligible for all Fringe Benefits	17.7% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
Employees Not Eligible for Group Insurance & Retirement	10.1% of direct salaries & wages
FICA Exempt Students Eligible for Group Insurance But Not Eligible for Retirement	2.5% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
FICA Exempt Students Not Eligible for Group Insurance & Retirement	2.5% 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%)	\$473
Faculty and Staff – Part Time (50% - 99.99%)	\$237
Insurance Eligible Student [b]	\$194
Combined (all employees) [a]	\$469

[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 (\$469).

[b] The fixed monthly insurance amount (\$194) is based on the ½ GIP state contributions. 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: (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 \$97,500 (employer portion) [e]	6.20%	6.20%	6.20%	NONE
Medicare	1.45%	1.45%	1.45%	NONE
Workman's Comp. Ins. [g]	.90%	.90%	.90%	.90%
Unemployment Comp. Ins. [h]	.10%	.10%	.10%	.10%
Retirement Plan	6.58%	8.50% [f]	NONE	NONE
Longevity Pay (based on years of service)				
Leave Termination [i]	1.47%	1.47%	1.47%	1.47%
TOTAL	16.70%	18.82%	10.12%	2.47%
Fringe Benefit Rate for Budgeting Purposes	17.7%	17.7%	10.1%	2.5%

[c] Teacher Retirement System.

[d] Optional Retirement Program.

[e] \$97,500 was effective 1/1/2007. Social Security is subject to change as determined by federal law. For calendar year 2008, employee wages up to an estimated \$100,800.

[f] If an employee began participation in ORP after 9-1-95, the state contribution is only 6.58%. Based on SB264, a Member may make a supplemental contribution from any source of funds in an amount not to exceed 1.92% for employees who began participating in the ORP after August 31, 1995.

[g] WCI Member assessments range from .10% to .90% based on previous claim experience. To see the assessments for each Member, see attached excerpt from the FY2008 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).

[i] Leave Termination Member assessments range from .18% to 1.47% based on previous years' experience. Each Member determines the rate to use for their institution/agency/health science center.

TCE exception:

If the employee has a civil service appointment and is in TRS (or ORP after 9-1-95), the rate is 13.58%.

If the employee has a civil service appointment and was enrolled in ORP before 9-1-95, the rate is 15.50%.

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

	Full Time (100%)	Part Time (50% - 99.99%)
Employee Only	\$363.53	\$181.77
Employee and Child(ren)	\$473.28	\$236.64
Employee and Spouse	\$539.12	\$269.56
Employee and Family	\$626.92	\$313.46

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

cc: Ms. B. J. Crain
 Mr. Mark Smock
 Ms. Susan Petty