

TO: All Research Faculty and Administrative Staff

FROM: Beryl Gwan, Sr. Manager
 Sponsored Projects Accounting and Compliance

DATE: January 07, 2021

RE: **Mid-Year Change of Staff Benefit Fringe Rate**

The fringe benefit rate for all Staff employees will be changed effective 12/20/2020 through the end of fiscal Year 2021. This change is necessary in order to offset the surplus we are anticipating in FY21.

When the fringe proposal was submitted for the FY21 rate, we did anticipate a surplus. However as the fiscal year progresses and the actual expenses have posted, we have more accurate data to conclude with certainty that the surplus will be greater than we initially projected.

Our rate agreement has not changed, although our cognizant agency has been notified of our decision to reduce our FY21 negotiated staff rate from 38.2% to 34.8% for the remainder of this year, effective 12/20/20.

This rate will only be reflected in the actual expense and will not be used for any proposals that are currently under negotiation. You will continue to use the negotiated FY21 rate. The FY22 planning rates which you will use for proposal purposes will be released on the Cost website in early February of 2021. We are waiting for the 01/01/2021 changes in the health benefit elections to be reflected in our payroll ledgers before finalizing the planning fringe rate for FY22.

The applicable changes are detailed below:

	Apply to Accounts	FY21 21-01 to 21-13 07/01/20 to 12/19/20	FY21 21-14 to 21-27 12/20/20 to 06/30/21	Costs Recorded in Account
Staff	1013 – Exempt Staff 1014 – Non Exempt Staff	38.2%	34.8%	2791 - Fringe Rate Staff

The fringe benefit rate chart has been updated on the Cost website and can be viewed via the link below:

<https://www.umaryland.edu/cost/about-the-office/fringe-benefit/>

A budget amendment will be processed by the individual schools/units to reduce the State funding and fringe expense as a result of the reduction in the fringe rate. Budget and Financial Analysis will supply the individual fringe reduction amounts, and a budget amendment will then be processed by the Schools/Units to allocate their respective expense reductions. For questions about the new budget amendment process, please contact BudgetOffice@umaryland.edu.

If you have any questions, please contact Beryl Gwan, Manager, Costing and Compliance at 410-706-2909 or bgwan@umaryland.edu.