

Fringe Benefit Rates

George Washington University provides fringe benefits to all employees in the University. Some of these, such as FICA, unemployment and worker's compensation are statutory in nature and are provided to everyone (there are some exceptions to FICA contributions regarding students). Others are voluntary and typically are determined by the employee's position and benefits eligibility, such as: regular or temporary; faculty, staff, or student.

Fringe benefit expenses represent the cost of benefits paid by the university (i.e., they do not include employee contributions, medical co-pays, etc.). The actual expenses incurred by the university are pooled and allocated as a percentage of salary for budgetary and accounting purposes, which is a common practice among large employers. As a result of pooling, fringe benefits charged against budgets do not vary based on the elections of individual employees in a department. GW applies two different types of fringe benefits rates as follows:

1. Fringe benefit rates charged to university-funded activities:

- Budgeted rates for regular benefit eligible salaries and a lower non-benefit eligible rate for student/temporary/supplemental payments charged to university funded account.
- The lower rate for non-benefit eligible salaries includes only the statutory benefits (payroll taxes, unemployment, worker's comp), while the full benefit rate includes: statutory benefits, retirement contributions, healthcare, disability, tuition remission, life insurance, etc.
- Fringe benefit rates do not include items charged directly to departmental budgets such as compensated absences (annual leave, sick leave, sabbaticals, etc.), training and professional development, etc.

2. Fringe benefit rates charged to sponsored projects:

- Also referred to as the "negotiated fringe rate," rates charged to sponsored projects negotiated with and approved annually by the university's cognizant agency for indirect costs, the Division of Cost Allocation at Department of Health and Human Services (DHHS). Two rates are negotiated: 1) Regular and 2) Temporary/Student.
- Rates are based on a forecast of expenses for the upcoming fiscal year submitted to DHHS by December of each year. The rate calculation includes an adjustment for any over/under recovery of actual fringe benefit costs from the most recently completed fiscal year.
- Rate calculations differ from the fringe benefit rates charged to university-funded activities due to regulatory limitations on what is allowable. For example, tuition remission for dependents is not allowed as a federally funded fringe benefit. However, other expenses not in the university's internal benefit rate are included, such as faculty sabbaticals and the operating costs for benefits administration.
- Another difference from the internal rates is that the "Regular" rate applies to all payments made to benefit-eligible employees, including supplemental payments (which incur the lower rate when charged to University funds).