

**To: Faculty and Administrators Managing Sponsored Programs**

**From: Rutgers Office for Research, Research Administration**

**Date: March 12, 2021**

**RE: Implementation of FY21 Fringe Benefit Rates**

This is a revision of our earlier memo of the same name dated January 4, 2021. This memo provides updated advice on managing increases to fringe benefits for sponsored programs based on feedback from Rutgers researchers and our experience. According to Circular **21-07-OMB** the State of New Jersey proposed fringe benefits rates for FY2021 are expected to increase significantly in comparison to recent years. An increase of 7.41% is *expected* per the current proposal to the Office of Management and Budget. This increase may stress sponsored project budgets and put many of our awards at risk for overspending, causing a substantial financial challenge for the research units throughout Rutgers. Research Administration has put together the following guidance designed to assist Principal Investigators and local unit business officers with the options available to plan and address this challenge proactively.

- **Rebudgeting within your award:** For federal awards, expanded authorities allows us to adjust budget lines between expense categories within reason without prior approval. For ongoing, multi-year projects, this option may allow you to manage the impact of this increase year over year. Rebudgeting within the confines of the existing award budget is the preferred action to address this challenge for our sponsored programs, even for awards approaching closeout.
- **Request for Additional Funding:** It may be possible to request additional funding from the research sponsor. The memo regarding the state's proposed fringe rates for FY21 may be used to substantiate the need for additional funding. Those seeking to request additional funding from their sponsors should work with their Grant Specialist in Research and Sponsored Programs to submit a formal request as soon as possible. Deficits from awards for which additional funds are not granted are the responsibility of the unit, and the unrecoverable expense must be transferred to a non-sponsored account. Any unrecovered costs for sponsored programs are the responsibility of the department.
- **Expired Projects:** Upon approval and implementation of the new fringe rates, Grant and Contract Accounting will work closely with the University Controller's Office to ensure these costs aren't applied to projects that have expired within Oracle cloud or have been closed out with the sponsor. This will eliminate unnecessary fringe benefit

adjustments on projects that are closed and avoid the need to resubmit final reports that were provided to our sponsors prior to the implementation of the new rates.

- **Proposal Budgets:** Utilize the proposed new fringe rates on proposal budgets, unless the sponsor specifically disallows this. In past years, we have requested the application of the existing, approved fringe rates in proposal budgets. However, given the size of this expected increase, we have determined that using the proposed higher rates, when possible, is the best course of action to accurately reflect costs of the proposed project. Budget templates with the new proposed fringe rates are available at <http://orsp.rutgers.edu/budget-template>

It's recommended that research faculty and departmental administration conduct a review to determine which awards will be impacted most by the rate increase. After identifying the awards that will be substantially impacted by this increase, please work with your designated Grant Accountant In Research Financial Services (RFS) to rebudget the award or with your Grant Specialist in Research and Sponsored Programs (RSP) to generate a request to the sponsor for additional funding. If you need support in understanding when prior approval from the sponsor for budget revisions is required, please contact either your RSP Grant Specialist or your RFS Grant Accountant. RFS will update the budget in Oracle to mirror the revised and approved budget plan.

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