

Fringe Benefits on Sponsored Programs

1. Overview

Fringe benefits (FB) are employee associated costs such as health plan expenses, pension plan expenses and workman's compensation expenses, among others. These costs are expressed as a rate by employee class. The rate is the pooled costs of these benefits divided by the total salaries in each employee class. These rates are then applied to the applicable employee salary to represent the associated benefits for that type of employee.

Our sponsors will reimburse us for fringe benefit costs, expressed as a percentage of total salaries. As salaries and FB can represent the largest component of cost on a given project, the University negotiates its FB rates with the federal government on an annual basis. Rutgers develops and submits the fringe benefit rates annually to DHHS Cost Allocation Services (DHHS-CAS), our federal cognizant audit agency, for approval. Prior year provisional fringe benefit rates remain in effect until DHHS-CAS approves the current fiscal year rates. Once approved, the final negotiated fringe benefit rates become effective on July 1 of the fiscal year noted by the rate agreement.

2. Purpose

The purpose of this policy is to provide an explanation of Rutgers University Fringe Benefit Rate and its application to sponsored projects.

3. Who Must Comply

Department Personnel
Research Financial Services
Principal Investigators

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

4. Rutgers University Fringe Rates:

Rutgers' composite fringe benefit rate is a hybrid of the benefit components detailed below.

State of New Jersey Fringe Rate: The state of New Jersey proposes and federally negotiates these rates on an annual basis. Most of the benefits included in the state's fringe benefit rates are applicable to Rutgers employees. The benefits are passed down from the approved state rate and include:

- Pension/retirement
- Health insurance
- Unemployment insurance
- Disability insurance

Rutgers-Only Claims-Made Rates: Rutgers, The State University of New Jersey, proposes and federally negotiates these rates on an annual basis. Claims-made fringe benefits refer to benefits for which the university only incurs costs when a claim is made.

These benefits include:

- Unused sick leave
- Workers' compensation

- Tuition remission
- Vacation payout
- ABP pension match

5. Fringe Adjustments

- **Manual Adjustments** – Many sponsors/awards place restrictions on fringe benefit costs for various reasons, either capping the amount/rate of fringe costs an award can consume or disallowing them altogether. In these cases, manual adjustments are warranted.
- **Retroactive Fringe Adjustments** - Reallocations on sponsored programs from prior fiscal periods will not reflect prior year(s) fringe benefit rates. The university currently calculates fringe benefit rates in the year they are processed, including reallocations, unless specifically noted in the award agreement.

Paid and Unpaid Absences

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other projects as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences. Unpaid sabbatical and research leave of absences may not be charged to sponsored projects.

6. Resources

- Related Policies
 - Allowable Costs on Sponsored Programs
 - Cost Transfers on Sponsored Programs

University Controller's Office:

[Fringe Benefit Rates | University Finance and Administration \(rutgers.edu\)](#)