



## Memorandum on Fringe Rate Increase Relief

**To:** Rutgers University Researchers

**Date:** March 21, 2022

**Subject:** Relief for State Fringe Increase

Dear Colleagues,

To offset the impact of the latest annual increase in the State's fringe rate, and in an effort to support Rutgers University's commitment to advancing our mission to deliver ground-breaking and life-changing research, the University has secured \$7.3M of the \$10M in funding appropriated by the Legislature for fringe relief within the current state budget.

University Finance and Administration and the Office for Research have reviewed actual fringe charges on research awards between July 1, 2021 and December 31, 2021 and will distribute the \$7.3M in relief funding proportionally to each principal investigator's discretionary fund.

As previously communicated, the State of New Jersey proposed an increase to its composite fringe benefit rate for the 2022 fiscal year. This in turn impacts the composite rate charged by Rutgers University, and, as a result, this rate is expected to increase by as much as 8.13%. When approved by the US Department of Health and Human Services, this increase will result in the actual fringe benefit rate (including FICA/Medicare) of 61.74%, depending on employee class. The new rates will apply to all sponsored program grant salary expenditures retroactively from July 1, 2021. While the \$7.3M will not fully offset the increase, and we recognize this is one-time relief, it is an attempt to ameliorate some of the financial hardship this will place on your current research funding.

Please know that we understand the effect this increase has on our ability to compete for national grants and top talent, and we are working with the State's legislative and executive branches to secure long-term fringe relief and, ideally, a lasting solution to this issue. We will share more with you on this work as it progresses.

Sincerely,

**Nancy Cantor**

Chancellor, Rutgers University–Newark

**Francine Conway**

Chancellor-Provost, Rutgers University–New Brunswick

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