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Pooled Fringe Benefit Rates

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What is a pooled fringe rate?

- Result of the process of taking all employee benefits for an employee group and averaging them into one fringe benefit rate for the group.

(Total Employer Paid Fringes/ Total Salary Earnings =
Fringe Rate)

What is Fringe Benefit pool is not!

- No changes to UF employee benefit plans or enrollments
- Pooled Fringe Benefit concept describes alternative method for budgeting and accounting for the costs of employer-paid fringe benefits.



Why a pooled rate?

- Provides a simpler approach process for administering budgets
- Considered to be a best practice of leading research institutions
- Simplifies the grant proposal budget process
- Provides an opportunity to recover employee benefit costs currently funded and managed at the college level (Terminal leave payouts, Sick leave pool usage, Unemployment benefits)

Current Process

Budget perspective –

- E&G fringe benefits are covered with institutional funds
 - Difficult to estimate the funding level
 - Salary decisions at departmental level
 - Hiring decisions not based on benefit projections
 - Ever-increasing fringe benefit escalation
- Departmental budgets pay for annual leave payouts
- Experienced rates sometimes include unidentified data anomalies

Current Process

Departmental perspective –

- Fringe benefits charged in detail
 - Seven types (Health, Life, Retirement, Soc.Sec., Medicare, W Comp, Un Comp)
 - Multiple variable rates
 - Health - Single, Family, Spouse
 - Life – Yes, No
 - Ret. – FRS, ORP, DROP, Special Risk,SES
 - SS – NRA, Earnings threshold
- Inconsistent planning methods used by funded areas
- Payroll reporting includes detailed fringe activity

Current Process

(Examples)

08 Salary	Health Insurance	Life Ins.	Retirement	FICA	Medicare	Total Fringe	Fringe %
18,387	10,032	3	1,811	1,140	267	13,253	72.1%
18,387	4,791	3	1,811	1,140	267	8,012	43.6%
18,387	6,096	3	1,811	1,140	267	9,317	50.7%
29,411	10,032	5	2,897	1,823	426	15,183	51.6%
29,411	4,791	5	2,897	1,823	426	9,942	33.8%
29,411	6,096	5	2,897	1,823	426	11,247	38.2%
77,250	6,096	13	8,057	4,790	1,120	20,076	26.0%
77,250	4,791	13	8,057	4,790	1,120	18,771	24.3%
77,250	10,032	13	7,609	4,790	1,120	23,564	30.5%
185,000	6,096	32	19,296	6,324	2,683	34,431	18.6%
185,000	10,032	32	19,296	6,324	2,683	38,367	20.7%
185,000	4,791	32	-	6,324	2,683	13,830	7.5%
185,000	6,096	32	18,223	6,324	2,683	33,358	18.0%

What is basis of the pooled rate?

- Controller's office will calculate and negotiate annual rates
 - Compiles experienced rates from the previous year across all funds and seeks approval from the Department of Health and Human Services
 - FICA – OASDI, Medicare
 - Insurance—Health, Life
 - Retirement
 - Long-term disability
 - Worker's Compensation
 - Unemployment Comp.
 - Termination Pay –Annual & Sick Leave
 - Sick Leave Pool Usage
 - Projects and negotiates anticipated rates for subsequent year

Basis of pooled rates - Issues

- Wages difficult to predict for future
- Health care costs volatile
- F&A – Cost Accounting’s Responsibility
 - Accurately estimate wage base and costs
 - Allocate costs fairly across job groups using appropriate basis
 - Reduce impact on budget from year to year due to volatility
 - Smooth rates

What is basis of the pooled rate?

2007-08	Medical Faculty	Faculty	TEAMS/USPS Exempt	TEAMS/USPS Hourly
Earnings (Ret. Based)	\$ 234,940,644	\$ 318,695,502	\$ 195,646,090	\$ 156,571,062
FICA OASDI	\$ 8,304,363	\$ 16,256,700	\$ 11,661,577	\$ 9,493,679
FICA Medicare	\$ 3,429,596	\$ 4,540,098	\$ 2,797,739	\$ 2,228,710
Health Ins.	\$ 10,852,168	\$ 24,940,307	\$ 23,149,700	\$ 31,199,606
Life Ins.	\$ 885,529	\$ 746,524	\$ 430,421	\$ 318,554
Retirement	\$ 21,849,480	\$ 33,814,600	\$ 19,897,207	\$ 15,901,272
Other (DSGI, AEF Dis.)	\$ 2,568,074	\$ 740,013	\$ 430,421	\$ 506,815
Workmen's Comp	\$ 1,174,703	\$ 1,593,478	\$ 978,230	\$ 782,855
Un Comp/Sick Lv. Pool	\$ 211,447	\$ 286,826	\$ 176,081	\$ 140,914
Leave Cash outs	\$ 3,359,651	\$ 4,557,346	\$ 1,936,896	\$ 1,017,712
Total Benefits	\$ 52,635,011	\$ 87,475,890	\$ 61,458,274	\$ 61,590,117
Current Eff. %	22.4%	27.4%	31.4%	39.3%

Why change now?

- Improve administrative efficiencies.
- More accurate fringe planning associated with all salaries.
- Easier to calculate unexpended grant funds when closing out grant.
- Monthly budget status reports will be simplified.
- Eliminate burden to departments of unfunded payouts – leave, unemployment, sick pool usage.

New proposed rates –

DRAFT - subject to final review & approval of DHHS

• Faculty (9, 10, 12 month)	27.88%
• Clinical Faculty (COM – GNV, JAX)	22.74%
• Exempt TEAMS/USPS	33.12%
• Non-Exempt (Hourly) TEAMS/USPS	42.11%
• Post Docs, House staff	18.24%
• Other Non-Student OPS/Temp Fac.	2.13%
• Graduate Students	11.60%
• Student OPS	0.54%

New proposed rates - details

	1	2	3	4	5	6	7	8
Proposed 2009-10	Clinical Faculty	Faculty	TEAMS/USPS Exempt	TEAMS/USPS Hourly	Housestaff & Regular Post Docs	Grad Ast	Other OPS/Temp Faculty	STAS/FWSP
FICA OASDI	3.19%	5.22%	5.96%	6.06%	0.00%	0.00%	0.00%	0.00%
FICA Medicare	1.45%	1.45%	1.43%	1.42%	1.43%	0.00%	1.45%	0.00%
Health Ins.	5.22%	8.17%	13.43%	22.61%	15.93%	0.00%	0.00%	0.00%
Life Ins.	0.27%	0.30%	0.22%	0.20%	0.05%	0.00%	0.00%	0.00%
Retirement	9.45%	10.27%	10.17%	10.16%	0.02%	0.00%	0.00%	0.00%
Other (Incl. Grad Ast Ins.)	1.19%	0.34%	0.22%	0.32%	0.12%	11.06%	0.00%	0.00%
Worker's Comp	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
UnComp/Sick Lv Pool	0.14%	0.14%	0.14%	0.14%	0.14%	0.00%	0.14%	0.00%
Leave Cash outs	1.29%	1.46%	1.00%	0.65%	0.00%	0.00%	0.00%	0.00%
Total	22.74%	27.88%	33.12%	42.11%	18.24%	11.60%	2.13%	0.54%

Transition Issues

- HR/FI Configuration changes required in My UFL system
- Re-engineering of Payroll Distribution screens and functionality
- New General Ledger Account Codes for Salary and OPS
- Changes to Payroll Cost Distribution and Payroll Projection reports

Transition Issues

- Effective Date – Pay period begin 06/26/09 – begin using Pooled Fringe Rates
- Leave Cash Outs – Paid from new pool for terminations on or after 07/01/09
- Current GL Account Codes will be used for 08-09 retro payroll transactions processed in 09-10 - (C & G).
- Training and Communication

