

PI ARTICLE: How do Fringe Benefit Rates work at Georgia Tech?

Fringe benefits are additions to compensation (independent of salaries and wages) that employers provide to employees. Fringe benefit rates are the mechanism used by Georgia Tech to receive reimbursement from sponsors for the fringe benefit costs incurred on behalf of employees who perform work on sponsored programs.

Fringe benefit costs are borne by both the employer and the employee, and these rates serve as a means of recovering costs associated with the employer borne portion. While there are variations of actual fringe benefit costs incurred by individual employees, the federal government allows for the recovery of costs based on the application of fringe benefit rates.

There are four types of fringe benefit rates utilized by Georgia Tech:

- **Full Benefits** – applicable to regular full-time faculty and staff, and part-time employees who are working at least 75% of a full FTE. Benefits include:
 - Retirement (ORP or TRS),
 - Social Security,
 - Health Insurance,
 - \$25,000 Life Insurance,
 - Non-Payroll Fringe costs (Terminating Vacation Payouts, Retiree Health and Life Benefit, Workers Compensation, Unemployment Insurance and payments to ERS Retiree Benefit, and Campus Transportation Costs)
- **Limited Benefits** – applicable to part-time employees who are working at least 50% of a full FTE, but less than 75%. Includes all benefits in the Full Benefits Rate except Health and Life Insurance.
- **Partial Benefits** – available to part-time employees who are working less than 50% of a full FTE. Benefits are Medicare only.
- **Graduate Student Health Benefit** – applicable to Graduate Research Assistants (GRA) and Graduate Teaching Assistants (GTA) only. Benefits include a health insurance subsidy provided by the Institute.

When an individual's salary is charged to a sponsored program, that individual's job code in the HR system determines the salary ledger account used for salaries and wages. The fringe benefit rate is based on HR system attributes such as FTE and is calculated in the Commitment Accounting system at the time of the salary charge. Each of the four fringe benefits rates has a unique ledger accounting. Fringe benefit charges hit sponsored programs in line with individual salary charges. F&A rates are assessed on top of the salary and fringe rate charges.

Example: A PI has a salary of \$100,000 and works 40% of her time during the year on Grant ABC. If the full benefits fringe rate is 32%, fringe benefits charged to the grant for this PI will be equal to: \$100,000 x 40% x 32% = \$12,800.

Fringe benefit rate proposals are submitted to and negotiated with the Department of the Navy, Office of Naval Research. Rate proposals for the upcoming fiscal year are due on April 30 and are negotiated in the early summer in time for the application of new rates each fiscal year. Actual rate calculations for the prior fiscal year are due by September 30th and any over or under recovery between actuals and estimates are reflected in upcoming rate calculations.

Current fringe benefit rates can be found here: <https://osp.gatech.edu/rates>. If you have any questions regarding the contents of this article, please contact Josh Rosenberg at josh.rosenberg@business.gatech.edu.