

TYPE	Procedure
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**Purpose:**

This document outlines the requirements and procedure on the monthly administration of the UW Fringe Rates.

**Scope:**

The UW Fringe Rates are calculated and updated each fiscal year. These rates are applied monthly to finalized payroll records.

**Summary:**

Fringe benefits are the additional benefits UW provides for each employee. Examples include health insurance, retirement, and worker's compensation.

As these benefits have a cost to the University, each UW employee is assessed a fringe benefit rate based on their worker and assignment categories to fund the fringe pool with the exception of Work Study assignments.

The University applies six fringe benefit rates, divided into two rate areas: Faculty/Academic Professional, Staff, and Student/Non-Benefited by 1) Non-Sponsored Program; or 2) Sponsored Program.

**Non-Sponsored Program Rates:** These are employees who are not paid on externally funded awards (e.g. federal research grants) and are generally paid on unrestricted operating funds or designated operating funds.

**Sponsored Program Rates:** In general, these are employees who are paid on externally funded awards (e.g. federal research grants) and are paid from a project.

UW Financial Affairs reviews the fringe benefits rates each fiscal year, completing an analysis to ensure the University is charging an appropriate fringe rate amount to keep the central fringe rate pool adequately funded. Fringe rates are expected to vary slightly each fiscal year. Fringe rates are posted on the Budget Office [website](#) and additional details are posted on the Office of Sponsored Program's Policy & Procedure [website](#).

If a payroll expenditure correction is completed in a prior fiscal year with a different rate than the current fiscal year, the correction will be charged with the prior fiscal year's fringe rate. The fringe rate uses the pay period end date to determine which fiscal year rates to apply. Fringe



# Processes and Procedures

*Fringe Rate Monthly Administration*

benefit rates are charged to the organization identified in the employee’s payroll costing string. The rate can be split between organizations if the employee’s payroll costing string is shared with multiple organizations. The assessment of non-sponsored program fringe benefits uses natural account 60816, Flat Fringe Rate Employer Share. The assessment of sponsored program fringe benefits uses expenditure type FRINGE RATE.

Associated reports include and are accessible from the Restricted Financial Reports [Dashboard](#) (elevated access is required):

1. Payroll Expenditures without Fringe
2. Payroll Funding - Salaries and Element Entries
3. Payroll and Fringe Expenditures Snapshot

Information on requesting access to the restricted dashboard can be found in the Gaining Access to Role-Restricted Reports [Quick Reference Guide](#).

### Details:

Calculations are based on the following criteria:

1. Worker and assignment categories
2. Funding source: sponsored project vs. non-sponsored project
3. Payroll element

Criterion 1: An employee’s worker category and assignment category are UW’s method to denote the employee type. As noted above, there are three categories of employees in relation to fringe benefit rates:

- Faculty/Academic Professional
- Staff
- Student/Non-Benefited (worker category is not used; only assignment category)

Worker and assignment categories are used to place employees into one of the three categories above. Three examples are provided below, and a full chart can be found in appendix A. This information is used when fringe is processed centrally, and no action is needed on the part of campus users.

Employee Name	Work Category	Assignment Category	Resulting Fringe Category
Cowboy Joe	FY Faculty	Full-time regular	Faculty/Academic Professional
Steamboat	AY Administrator	Full-time regular	Staff
Pistol Pete	Unclassified	Hourly Non-Benefited	Student/Non-Benefited

Criterion 2: The next criteria used to calculate the fringe rate are funding sources. The fund source is where the employee’s salary is being paid from, either an externally funded award (sponsored project funds) or a non- externally funded award (non-sponsored project funds, generally unrestricted operating funds).

These rates can be different as UW is required to negotiate fringe benefit rates each fiscal year with the federal government for sponsored project funds. This means two employees with the

same worker and assignment category could each have a different rate if their funding sources are different. A single employee with two funding sources could also have different rates for each payroll costing string.

Employee Name	Work Category	Assignment Category	Resulting Fringe Category	Funding Source	FY2022 Fringe %
Cowboy Joe	FY Faculty	Full-time regular	Faculty/Academic Professional	10-60101-105-000001-21003-550-0000-0000-0	45.10%
Cowboy Joe	FY Faculty	Full-time regular	Faculty/Academic Professional	1004361A-22001-FRINGE RATE-1	42.10%

Criterion 3: In addition to worker and assignment categories, and funding sources, the third key criteria used to calculate fringe are payroll elements. A payroll element identifies what type of pay the employee is receiving. Some common types of payroll elements are:

- Salary
- Hourly
- Mobile communication device
- Supplemental pay
- Temporary increase

Not all payroll elements are assessed a fringe benefit rate. This is because the set amount paid for the benefits for each employee (e.g. health insurance) may not change depending on the type of additional compensation (as denoted by the payroll element) that they are receiving.

### *Payroll Element Examples*

Payroll Element	Meaning	Fringe	Why
Mobile communication device	Reimbursement for a mobile phone allowance	No	These are small dollar amounts and do not impact the fringe benefit rate pool
Supplemental pay	Pay for additional work beyond the normal job duties	Yes	These amounts can vary and can be material in nature. Further, if an employee's monthly salary increases, as it does with a supplement pay, so does UW's contribution to that employee's retirement account. Thus, it does have a material impact on UW's fringe benefit pool, and needs to be assessed a corresponding fringe benefit rate.

A list of payroll elements that were charged fringe in FY2022 can be found in Appendix B.

## Appendix A: Fringe Category based on Assignment and Worker Categories

<b>Fringe Category</b>	<b>Assignment Category</b>	<b>Worker Category</b>
Faculty/Academic Professional	Federal Exempt Benefited Salaried Exempt Benefited Salaried Non-Exempt Benefited	AY - Fixed Term
		AY - Fixed Term Rolling Contract 3 Year
		AY - Fixed Term Rolling Contract 5 Year
		AY - Fixed Term Rolling Contract Track
		AY - Other Academic Personnel
		AY - Tenured Faculty
		AY - Tenured Track Faculty
		AY Academic Professional
		AY Faculty
		FY - Fixed Term
		FY - Fixed Term Rolling Contract 3 Year
		FY - Fixed Term Rolling Contract 5 Year
		FY - Fixed Term Rolling Contract Track
		FY - Other Academic Personnel
		FY - Other Academic Personnel
		FY - Tenured Faculty
		FY - Tenured Track Faculty
FY Academic Professional		
Staff	Federal Exempt Benefited Salaried Exempt Benefited Salaried Non-Exempt Benefited	AY Administrative Professional
		AY Administrator
		FY Administrative Professional
		FY Administrator
		Classified
		Contract
		Executive
		Temporary
		Unclassified
Student/Non-Benefited	Hourly Non-Benefited Non-Exempt Salary Exempt Non Benefited	N/A



# Processes and Procedures

*Fringe Rate Monthly Administration*

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## Appendix B: FY2022 Payroll Elements Assessed Fringe

<b>Payroll Element</b>
Administrative Stipend
Balance of Earnings Contract
Comp Time Payout
Grant Funded Supplemental Pay
Grant Funded Supplemental Pay AY Faculty
Grant Funded Supplemental Pay Ext Funded Research
Hourly
Hourly Emergency Leave with Pay
Hourly Emergency Leave with Pay Retro Results
Hourly Pandemic Leave with Pay
Hourly Pandemic Leave with Pay Retro Results
Hourly Retro Results
Hourly Special 2020 Holiday Pay
Leave No Pay
Non Benefited One Time Increase
On Call Pay Hours
On Call Pay Hours Retro Results
Overtime 15
Overtime 15 Retro Results
Physician Support
Retro Salary Adjustment
Salary
Salary Adjustment
Supplemental Pay
Supplemental Pay AY Faculty
Supplemental Pay External Funded Research
Supplemental Pay for Outreach Instruction
Supplemental Pay Recurring
Supplemental Pay Retro
Temporary Increase
Temporary Increase Recurring