UNIVERSITY OF MIAMI
SPONSORED PROGRAMS POLICIES AND PROCEDURES

Section B: Proposal Preparation
Policy B2.2: Application of Fringe Benefit Rates to Proposal Budgets

PURPOSE:

To establish a policy and procedure to ensure the correct application of fringe benefit rates to sponsored project proposal budgets, including federal and non-federal agencies.

DEFINITIONS:

Fringe Benefits: Costs incurred by the university on behalf of its employees.

- For full-time employees, fringe benefits include FICA, retirement, worker’s compensation, life and health insurance, unemployment compensation and state unemployment tax, fringe benefits office, professional disability and umbrella liability, and tuition remission expenses.

- For part-time employees, fringe benefits include only FICA, unemployment compensation and state unemployment tax, fringe benefits office, and workers’ compensation.

Federal Fringe Benefit Rate: The rate negotiated annually between the university and the U.S. Department of Health and Human Services (DHHS). This rate is represented in an executed Negotiated Agreement for reimbursing fringe benefit rates at the university for the period of time specified in the rate agreement. The rate is applied to salaries and wages paid by the university and funded by federal and federal pass-through grants and contracts. The rate excludes tuition remission for dependents.

Non Federal Fringe Benefit Rate: Same as the federal fringe benefit rate with the addition of tuition remission for dependents. The rate is applied to salaries and wages paid by the university excluding those salaries to which the federal rate applies.

POLICY:

All salaries and wages paid by the university, except those paid to student employees, will be assessed fringe benefits at the currently effective fringe benefit rates for the correct funding source.

REFERENCES:

Public Health Services Grants Policy Statement.
National Science Foundation Grants Policy Manual.
OMB Circular A-21.
Negotiation Agreement with Cognizant Negotiation Agency.
PROCEDURES:

1. To ensure sponsored projects are adequately funded by the sponsor, it is essential to use the appropriate fringe benefit rate when preparing the proposal budget. The currently effective fringe benefit rates can be obtained by contacting Research Administration (RA).

2. Fringe benefits are applied biweekly or monthly, via the approved fringe benefit rate, against the appropriate salaries and wages incurred in the performance of each sponsored project at the university. Fringe benefit costs are reflected on the monthly Account Statement in Whole Dollars report (Report 90).

3. As a general rule, changes in fringe benefit rates will become effective at the beginning of a new fiscal year. Every effort is made to ensure the fringe benefit rates are disseminated as soon as practicable for use in the preparation of project budgets. The rates will be disseminated by the University’s Budget Office.

4. Questions from department administrators, principal investigators, and faculty/staff regarding the application, composition, negotiation, or applicability of fringe benefit rates will be referred first to RA, then to the Sponsored Programs - Financial Administration (SP).