FSU Fringe Benefit Pool Implementation April 17, 2024

FAQs:

1. Why is the way fringe benefits are managed at FSU being changed?
   This has been done to significantly reduce the administrative burden on those responsible for developing and maintaining budgets at FSU and provide a more reliable method for managing budgets (with fewer fluctuations). This includes budgets with all FSU funds, including but not limited to E&G, C&G, and Auxiliary funds. It is important to note that most R01 universities manage fringe benefits using the method FSU is moving to.
   - ***Prior to July 1, 2024****, budgets were developed, and charges were incurred based on the actual choices and charges per individual employee. When building a budget, the actual charges had to be looked up by individual employees, including selections and costs for health and retirement benefits. If the individual had a qualifying status change during the year, such as marriage or family, the budget would incur additional costs. In addition, FSU administrators sometimes had to respond to questions from federal sponsors regarding fringe benefit costs since FSU managed these costs in a unique manner and fringe rates varied for the same employee type.*
   - ***Effective July 1, 2024 (for payroll A of FY25 which includes earnings beginning 6/21/24)****, charges will be incurred based upon a pooled percentage rate. Budget preparation will be done by applying a percentage based on an employee's group classification and their additional/supplemental earnings. Where possible, systems such as RAMP will automatically apply the percentage. This will significantly reduce the administrative effort needed to prepare and manage budgets. It will also improve everyone's ability to fiscally manage their budgets as the charges incurred will not vary based upon changes in individual staff or faculty member's benefit selections.*

2. How are these pooled rates determined?
   The rates have been determined based on actual past fringe benefits costs within the specific employee groups and earnings. The total amount of fringe benefits is divided by the total salary for each employee class. Annually, the rates must be reviewed and approved by the Department of Health and Human Services (DHHS, FSU's cognizant federal agency). DHHS confirms that the rates are based only on actual costs. Any resulting differences between the calculated rates and actual costs incurred must be rolled into the calculation of the rates for the following year. Absolutely, no additional funds or any form of "profit" can be included in these rates. They include only actual costs. It is not anticipated that the calculation will change significantly from year to year.

3. Are the pooled rates being managed centrally?
   Yes. The rates were calculated for the total university payroll and will be reviewed and updated annually for shortfalls or overcollections by adjusting future pooled rates.

4. Will my budget be charged more or less?
   The impact on budgets will vary. In most cases, there will be little change in fringe benefit charges. While some budgets will be charged less, some budgets, particularly those with more highly compensated individuals, may incur higher costs.

5. When will the new rates become effective?

The rates will be in effect for the first Payroll A of FY25 (includes earnings 6/21/24 through 7/4/24 and will be paid on 7/12/24).

6. Does this affect the employee's net pay or benefits?
   No. There will be ZERO impact on employees' salary or employee contributions to benefits (including retirement).

7. Will health plan premium rates change on the employee side (individual, spousal, family, FSU combined spousal rate) due to the benefits pool?
   No. There will be ZERO impact on employee contributions to optional benefits.

8. Are there any special concerns regarding special retirement classes?
   No. There will be no impact on employees. All retirement plans are covered under the Fringe Pool rate for each group.

9. What faculty rate should be budgeted for summer pay?
   The faculty rate is the same for academic and summer. Since the faculty summer salaries were included in the calculation of the faculty pooled rates, the summer salaries will carry the same fringe benefit pooled rate.

10. What happens to 9-month faculty without summer pay vs. 9-month faculty with summer pay?
    Prior to this change, health insurance was double charged during the spring term for employer health insurance during the Summer. Will the pooled rate (including health insurance) be charged during the summer if you are funded? How will non-summer-funded faculty have health insurance covered?
    Health insurance and the remainder of the employer fringe benefits will be charged to the budget when salary is charged throughout the year at the pooled rate for that position classification. The pooled rate for faculty was calculated based on the total faculty salaries (summer and academic) paid out and the total insurance and other fringes paid out for the entire fiscal year. Therefore, you will use the same pooled rate for faculty for the summer and the academic year. 9-month faculty unfunded in the summer will still have health insurance coverage.

11. What happens to employee deductions for health insurance for 9-month faculty? Is this still double deducted during the Spring term?
    Employee deductions will not change, and there will be no impact on employee pay or benefits. This change only affects the benefits paid by the employer. See the Overview on the budget link: [https://budget.fsu.edu/benefitspool.](https://budget.fsu.edu/benefitspool)

12. What can we do if we have a project where additional costs were not budgeted?
    Most sponsored projects allow for budget adjustments if needed. In some cases, this fringe benefit change will make additional funds available for other project costs.
    If a rebudget request is required, it should be submitted to SRA to determine if sponsor approval is needed. If a budget modification is not approved or there are insufficient funds at the end of the grant to complete the deliverables due to any changes in fringe benefit costs, the PI can request additional funding via the OVPR Bridge Program.

13. Is there any need to include additional language in budget justifications regarding this change?
    There is ***no*** *need to include additional language in the budget justifications. Federal sponsors expect recipients to use the best estimate for budget proposals, and the pooled rates meet that requirement. Also, the pooled rates are reflected in the SRA Facts Sheet and will be included in the F&A Rate Agreement upon DHHS approval.*

14. Why is the rate increasing from what was previously included on the SRA Facts Sheet?
    The rate is not changing significantly from what was previously charged. The rate that was included on the SRA Facts sheet did not include health insurance, as it was calculated separately. When health insurance is included, the rate actually decreases for some employees.

15. Will Terminal Leave & Workers Compensation still be posted separately to C&G budgets?
    No. With the implementation of a university-wide pooled fringe rate, there will no longer be separate charges for WC and TLA on C&G budgets. These charges will now be incorporated into the single fringe benefit rate applied to that employee class.

16. What happens in months when there are 3 paychecks?
    There will be no change when there are 3 paychecks within a month. The rates will be applied consistently throughout the year.

17. Will university-wide or merit increases be affected by this change?
    No. There will be ZERO impact on employees' salaries, including any university-wide or merit increases.

18. Will there be standardized letters, etc., to explain this change to agencies requiring backup documentation for invoices?
    If sponsors request any backup, please contact SRA. While questions may have been received in the past because FSU was uniquely handling fringe benefits, questions are less likely in the future. FSU is now moving to the method for handling fringe benefits that is used by nearly all research universities, so sponsors are very familiar with it.

19. What happens to the remaining funds in the current Terminal Leave & Workers Compensation pool? *Will the funds be returned to the departments and/or sponsoring agencies?*
    The two pools will be reconciled to actual for FY24 and DHHS will either write-off the balance for an under-recovery OR seek a payback of the Federal portion for any over-recovery from FSU.

20. How will this affect the RDF process that cross fiscal years?
    There will be no impact to the RDF process. The fringe pool rates applied will be those for the fiscal year in which the RDF is processed.

21. Will this change affect FACET certifications on sponsored projects?
    There will be no impact to FACET certifications.