



Policy and Procedures: Employee Fringe Benefits for Sponsored Programs and Grants
Effective Date: 11/6/2015

Purpose:

The aim of this policy is to set the basis for the Azusa Pacific University (APU) employee fringe benefit rates and to assist the APU administration and all related units to appropriately and consistently budget and apply the rates for sponsored programs and grants. The rates for employee fringe benefits applied to grants will be assessed on a regular basis by the Business Office in accordance with the federal regulations.

Policy:

It is the policy of APU to use employee fringe benefits rates for sponsored programs and grants that are established in accordance with the Office of Management and Budget (OMB) 2 CFR Chapter I, Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (OMB Uniform Guidance) and the Indirect Costs Agreement negotiated by APU with U.S. Department of Health and Human Services (DHHS).

1. Components of the Fringe Benefit Rate

The employee fringe benefits rate is estimated at 25% for full-time faculty/staff and 8% for part-time non-benefit eligible employees.

The breakdown of the 25% for full-time is as follows:

- Payroll taxes and other 8%
- Group Insurance 11%
- Retirement 6%

The breakdown of the 8% for part-time is as follows:

- Payroll taxes and other 8%

2. Employee Fringe Benefits rates to be used in pre-award

APU uses rates that are calculated by the Business Office based on the average percentage reported by the Human Resources department. The following are estimated rates for use in budgeting for sponsored programs and grants purposes:

| Employee status | Fringe Benefits Rates |
|------------------------|------------------------------|
| Full-time Employee | 25%* |
| Part-time Employee | 8% |

** Note: The university-wide rate for the fringe benefits to be used for full time employee is estimated at 30%. The 5% difference relates to faculty/staff tuition discount. The Indirect Costs Agreement negotiated by APU with US DHHS restricts the fringe benefits to retirement, payroll taxes, worker's compensation, health insurance. This indicates that the tuition remission is not an allowable direct cost.*

3. Employee Fringe Benefits charge in post-award

For awarded grants, the university is guided by the OMB Uniform Guidance (§200.431) and the APU Indirect Cost Negotiation Agreement with the U.S. Department of Health and Human Services (dated January 13, 2015).

The agreement indicates that the actual fringe benefits expenses are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed in the DHHS negotiation agreement and they include: retirement, payroll taxes, worker's compensation, health insurance. Vacation, holiday, sick leave and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims are not made for the costs of these absences.

The OMB Uniform Guidance is specific on fringe benefits costs that are not allowed to be charged to sponsored programs and grant. The tuition remission for family members is one such example. Also, certain fringe benefits are limited and they should be dealt with on a case by case basis (e.g. severance payments). For details, OMB Uniform Guidance §200.431 should be consulted.

This policy is contingent upon the APU Indirect Cost Negotiation Agreement with US DHHS and it will be reassessed and updated when the agreement will be renewed. Agreement expires on June 30, 2017.