



MEMORANDUM

TO: Chiefs
Principal Investigators
Department Administrators

FROM: Michael Collins
Vice President, Research Administration

DATE: September 25th, 2007

RE: Fringe Benefit Rate

A new fringe benefit rate has been agreed to with the Department of Health and Human Services Division of Cost Allocation. This rate more accurately reflects true cost to the Infirmary and is due to the continuing rise in institutional benefits expense, largely driven by healthcare costs.

Even with this increase, the Infirmary will under recover costs this year and remains with a lower rate than many other local institutions. Rates from other institutions include 34% at MGH & BW, 32% at Dana Farber and 30% at Children's.

Our FY 2008 rate, which applies to all employees on research funds, is 29.5%.

To minimize the burden on grant budgets, implementation of the rate will be:

- All proposals to be submitted – effective immediately
- Existing grants –next continuation cycle or 3 years (10/1/10), except:
 - ◆ Grants expiring with funds available – effective 10/1/07
 - ◆ All discretionary accounts – effective 10/1/07
 - ◆ Grants in which sponsor agrees to increase funding – effective 10/1/07

Although I do not expect additional rate increases on this magnitude, I do anticipate a rise of a few % points over the next few years.

A benefit of this new rate agreement is a change to vacation payout charges, upon employee termination. Grants will only be charged up to a maximum of 4 weeks.

Please call me with questions or concerns or if you would like more information.