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FINANCIAL SERVICES
COST AND REIMBURSEMENT ACCOUNTING

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MEMORANDUM

Date: May 26, 2006

Re: **Fringe Benefit Rates**

The Department of Health and Human Services (DHHS) has now formally approved our federal fringe benefit rates for FY07. The negotiated rates for FY07 and the projections through FY09 are summarized below. These fringe benefit rates should be used for budgeting and long range planning purposes, as well as when preparing grant applications that cross fiscal years.

The FY08 and FY09 rates are very preliminary and are likely to change based on the fall fringe benefit rate analysis and projection process. Please note that the Hourly Staff rates for FY07 have changed significantly from the November 15, 2005 rate announcement. These changes were initiated by revised actuarial recommendations for the employee retirement plan.

	Monthly <u>Staff</u>	House <u>Staff</u>	Hourly <u>Staff</u>	<u>Students</u>
FY 06/07 Budget Non-Federal	23.2%	17.7%	22.0%	7.7%
FY 06/07 Budget Federal	21.2%	17.7%	20.4%	7.7%
FY 07/08 Projected Non-Federal	23.3%	18.8%	23.7%	7.7%
FY 07/08 Projected Federal	21.5%	18.8%	22.6%	7.7%
FY 08/09 Projected Non-Federal	23.3%	20.0%	25.0%	7.7%
FY 08/09 Projected Federal	21.6%	20.0%	23.9%	7.7%

Note:

- 1) The "Federal" rates will be used for: federal grants and contracts, Durham Regional Hospital, Raleigh Community Hospital, and AHS/DASC. The differentiation reflects the elimination of participation in the reimbursement of the tuition grant benefit program for those entities and funding sources.
- 2) The "Non-Federal" rates will be used for all other entities including non-federal grants, contracts, departments, etc.

Please distribute this information as appropriate.