TO: Finance & Administration Advisory Group & Business Managers
FROM: Leanne M. Marden, Controller & Director of Fiscal Operations
CC: Vice Chancellors, Deans, Directors, Department Heads & Principal Investigators
SUBJECT: FY 2016 Fringe Benefit and Payroll Tax Rates
DATE: July 7, 2015

As many of you know, the University is required to pay the Commonwealth of Massachusetts the cost of fringe benefits and payroll taxes for all non-state funded employees. These costs are assessed based on an agreement between the Commonwealth and the U.S. Department of Health and Human Services. The State Comptroller has notified the University that the following rates have been approved for FY 2016:

- **Fringe benefit rate**: 29.17% of regular (benefited) employee compensation
  (Incl. health insurance, pension & terminal leave)

- **Payroll tax rate**: 1.65% of compensation for regular & contract employees
  (Incl. unemployment, universal health & medicare tax)

In addition, other required payroll-related charges will continue to be assessed during FY 2016 as follows:

- **Health & welfare**: $31/bi-weekly per FTE*
- **Worker's compensation**: 0.19% of compensation for regular & contract employees**

The rates are currently being updated in the university’s payroll and finance systems and will apply to the bi-weekly payroll period that ends on 7/11/15. If you have questions about these costs, you may contact Leanne Marden at 617-287-5196.

* This rate increased in accordance with collective bargaining agreements.
** As approved in a rate agreement with the U.S. DHHS and University of Massachusetts Boston

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