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 2017 Fringe Benefit and Payroll Tax Rates
DATE: July 21, 2016

As many of you know, the University assesses the cost of fringe benefits based on the state fringe benefit rates. The rates are established in accordance with an agreement between the Commonwealth of Massachusetts and the U.S. Department of Health and Human Services (DHHS). The State Comptroller has notified the University that the following rates have been approved for FY 2017:

- Fringe benefit rate 33.50% of regular (benefited) employee compensation
  (Incl. health insurance, pension & terminal leave)

- Payroll tax rate 1.66% 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 2017 as follows:

- Health & welfare $30-$32/bi-weekly per FTE*
- Worker's compensation 0.19% of compensation for regular & contract employees**

The fringe benefit and payroll tax 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 7/23/16. 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 and varies by unit
  It is expected to increase to $33/bi-weekly per FTE in January 2017.
** As approved in a rate agreement with the U.S. DHHS and University of Massachusetts Boston