TO: Vice Chancellors, Deans, Directors, Department Heads & Principal Investigators

FROM: Leanne M. Marden, Controller & Director of Fiscal Operations

CC: Finance & Administration Advisory Group & Business Managers

SUBJECT: FY 2019 Fringe Benefit and Payroll Tax Rates

DATE: July 6, 2018

As many of you know, the University assesses the cost of fringe benefits and payroll taxes based on the state’s approved 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 2019:

Fringe benefit rate 34.89% of regular (benefited) employee compensation
(Incl. health insurance, pension & terminal leave)

Payroll tax rate 1.73% of compensation for regular & contract employees
(aka Blended rate Incl. unemployment, universal health & medicare tax)

In addition, other required payroll-related charges will continue to be assessed during FY 2019 as follows:

Health & welfare $33/bi-weekly per FTE*

Worker’s compensation 0.26% of compensation for regular & contract employees**

The fringe benefit and payroll tax rates have been updated in the university’s payroll and finance systems and are effective as of 7/1/2018. If you have questions about these costs, you may contact Patty Overko at 617-287-5125.

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

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