



Institutional Handbook of Operating Procedures	
Policy 04.05.03	
Section: Fiscal Policies	Responsible Vice President: Office of the Chief Financial Officer
Subject: Financial Accounting and Reporting	Responsible Entity: Financial Accounting and Reporting

I. Title
Fringe Benefit Costs

II. Policy

The University of Texas Medical Branch (UTMB) will charge the actual calculated fringe benefit costs directly to cost centers for applicable UTMB functions. When developing a fringe benefit budget for internal accounts, external agreements, and grants and contracts, UTMB may use a stratified composite fringe benefit rate, a historical actual experience rate, or a combination of the two. The Stratified Composite Rate will be based on historical fringe benefit costs adjusted for federal and / or state mandated changes. The Historical Actual Experience Rates are calculated at the department level and applied accordingly. These rates may also be used to estimate future fringe benefit costs if deemed appropriate, and with the approval of both the Vice President of Finance for the applicable area and the Vice President - Decision Support.

Prior to the beginning of each fiscal year, and irrespective of the methodology used to develop the budget, the budgeted fringe benefit expense will be reviewed and adjusted to include any changes to fringe benefits made by the State of Texas legislature during biennial years, as well as any changes in federal payroll taxes, etc., if applicable. Revised fringe benefit rates will become effective September 1 of the corresponding fiscal year. The department of Forecasting, Budgeting, and Analysis will be responsible for reviewing and recalculating the budget fringe benefit rate. The Research Services Offices will coordinate dissemination of the revised rates to the UTMB community.

III. Guidelines

- Actual calculated fringe benefit costs will be charged directly to cost centers for applicable UTMB functions.
- Budgeted fringe benefit costs
 - **Stratified Composite Rate** - When developing a fringe benefit expense budget for internal operations and external agreements and grants and contracts, UTMB may use a stratified composite fringe benefit rate. The composite fringe benefit rate will be calculated using historical actual benefit expense data and will be stratified across salary groupings. The fringe benefit budget rate will include only those fringe benefits components recorded directly within the general ledger.
 - **Actual Experienced Rate** – When developing fringe benefit expense budgets for both internal operations and external agreements and grants and contracts, UTMB may use historical actual experience rates to estimate future fringe benefit expense when deemed appropriate and with the approval of both the Vice President of Finance for the applicable

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area and the Vice President for Decision Support. The fringe benefit budget rate will include only those fringe benefit components recorded directly to general ledger.

IV. Dates Approved or Amended

<i>Originated: 07/20/1998</i>	
<i>Reviewed with Changes</i>	<i>Reviewed without Changes</i>
09/02/2011	
03/26/2019	

V. Contact Information

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