

MICHIGAN STATE UNIVERSITY

June 1, 2021

TO: Deans, Directors, Chairpersons and Executive Managers

FROM: Gregory J. Deppong, Controller

SUBJECT: FRINGE BENEFIT CHARGES FOR FISCAL YEAR 2021-22

Below are the specific identification (SI) fringe benefit charges that will be in effect for fiscal year 2021-22 (beginning with payrolls after July 3, 2021). The SI health care rates charged to departments will decrease 5%, from \$15,480 to \$14,710 (full-time), and the miscellaneous rate will decrease from 2.0% to 1.4%.

This reduction in fringe benefit charges is made possible for fiscal year 2021-22 as the result of one-time impacts on expenses experienced in fiscal year 2020-21. These one-time impacts unexpectedly increased fringe benefit reserve balances above targets. The one year decrease in SI fringe benefit rates will provide your units with much needed budget relief.

Looking ahead to fiscal year 2022-23, for your budget planning, please use a preliminary figure of \$15,150 (3% increase) for fiscal year 2022-23 SI fringe benefit charges. The actual rate will be determined at this time next year.

Due to potential volatility in health care and other benefit costs, the rates will be reviewed in December 2021 and adjusted, if necessary, for the period January – June 2022. Rate adjustments will be communicated in December 2021, if applicable.



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Furloughed employees will continue to receive health care and other benefits through MSU and employing units will remain responsible for these costs. Because furloughed employees are unpaid, a separate billing outside the SAP payroll process will be charged to the respective department(s) and account(s) monthly for SI health care and miscellaneous rates for these employees, when applicable. Departments should adjust budgets accordingly to continue to fund benefit costs for furloughed employees.

Please contact Lauren Knoch in the Controller's Office at 517-884-4193 if you have any questions.

Type of Employee - % of Employment	Annual	FICA		
	Health/Dental/Rx (note 1)	Social Security (note 2)	Retirement (note 3)	Miscellaneous (note 4)
Faculty/Staff - Full-time (90% or greater)	\$14,710	7.65%	5%/10%	1.4%
Faculty/Staff - 75% time	\$11,033	7.65%	5%/10%	1.4%
Faculty/Staff - 50% time	\$7,355	7.65%	5%/10%	1.4%
Research Associates	\$7,293	7.65%	(note 5)	1.4%
Lecturer, Asst. Instructor, Instructor Resident, Instructor Intern, Resident & Intern (note 6) - Full-time (90% or greater)	\$11,339	7.65%	n/a	1.4%
Lecturer, Asst. Instructor, Instructor Resident, Instructor Intern, Resident & Intern (note 6) - 75% time	\$8,504	7.65%	n/a	1.4%
Lecturer, Asst. Instructor, Instructor Resident, Instructor Intern, Resident & Intern (note 6) - 50% time	\$5,670	7.65%	n/a	1.4%
Temporary/on-call - less than 50%	\$0	7.65%	n/a	n/a

Notes:

- 1) Health costs on base wages. Charged on all ELIGIBLE employees, regardless of participation.
- 2) Social Security @ 6.2% on all earnings types to maximum (\$142,800 for calendar year 2021), Medicare @ 1.45% on all earnings types.
- 3) Retirement on base wages and others per labor contracts. Charged on all PARTICIPATING employees. For executive management, non-unionized faculty, and non-unionized academic staff, the charge is 5% of base wages. For all other faculty/staff employees, the charge is 10% of base wages.
- 4) Miscellaneous on base wages. Includes unemployment compensation, workers' compensation, long-term disability, longevity, life insurance, employee tuition reimbursement and support staff vacation payouts. Please note that the miscellaneous rate will decrease to 1.4% for the 2021-22 fiscal year.
- 5) For further information on Research Associates, the SI charging model and web-based budgeting tools, please visit [CGA Salary and Fringe Benefits](#).
- 6) A reduced charge for health/dental/Rx charges (retiree costs eliminated) will be assessed on Lecturers, Assistant Instructors, Instructor/Interns, Instructor/Residents, Residents and Interns. With the exception of Instructor/Interns and Instructor/Residents, these employees will be required to enroll in the retirement plan after 24 FTE months AND age 35. If these employees were previously enrolled in a contributory retirement program before their appointment or if they are age 55 or older upon appointment, they may elect immediate participation in the University's retirement plan, with the University contribution. Please visit the [Faculty Handbook](#) for further guidance.

