



DATE: June 26, 2025
 TO: Finance Managers and Fiscal Officers
 FROM: Budget, Planning & Institutional Research
 RE: **** UPDATE ** Fringe Benefit Rates for FY26**

In an effort to keep the University Program rates consistent with the Sponsored Program methodology and avoid any non-compliance with federal regulations, the initial FY26 University Program fringe rates have been revised. The classified, faculty, professional and Other Personal Services (OPS) groups have been evaluated together. Please update your files with the rates below for FY26. We appreciate your understanding and patience with the late change.

University Program Rates:

- Applies to all other accounts not included above, including ledgers 2, 3, 4, and some 6 (foundation accounts).
- The blended rates will drop significantly in FY26. However, since this is due to a technical change at the State level and not due to a net reduction in overall cost to the University, an additional fringe recovery transfer will need to accompany the lower rates in order to remain balanced from a university perspective.
 - **Ledger 2:** As per past practice, a permanent reduction equivalent to the reduction in rates will be removed in July.
 - **Ledger 3 and 4:** A one-time transfer equivalent to the reduction in rates will be completed in July. The transfer will recur annually. There is no net impact to your bottom line.
 - We will reach out to each unit soon with additional details and amounts for their area.
 - A chart with the changes from FY25 is included below for reference.

University rate changes:

Fringe Rates	Obj cd	FY25	FY26	Variance
Classified	5110	105.0%	31.2%	-73.8%
Faculty	5111	47.0%	31.2%	-15.8%
Other Professional	5112	71.0%	31.2%	-39.8%
Hourly/Labor	5230	60.0%	31.2%	-28.8%
Post Doctoral Res. Assoc	5260	28.6%	27.8%	-0.8%
Grads	5250	19.5%	19.5%	0.0%
Special Payroll	523X	21.2%	7.3%	-13.9%
OPS	53XX	60.0%	31.2%	-28.8%

**University of Connecticut (Storrs and Regional Campuses)
Fringe Benefit Rates By Object Code - FY26**

The lower University Programs rates will be accompanied by a transfer out equal to the reduction in rates at the beginning of the year.

<u>Object Code Fringe Benefit Description</u>	<u>University Programs</u>	<u>Sponsored Programs**</u>	<u>Smith Lever</u>
Permanent and Continuing Regular Payroll			
5110 Classified	31.2%	27.8%	5.0%
5111 Faculty	31.2%	27.8%	5.0%
5112 Other Professional	31.2%	27.8%	5.0%
Temporary Payroll			
5230 Durational/Temporary Employees	31.2%	27.8%	5.0%
5260 Postdoctoral Research Associates	27.8%	27.8%	5.0%
Graduate Assistants			
5250 Graduate Assistants	19.5%	14.9%	5.0%
Special Payroll			
5231 All Other Special Payroll	7.3%	6.6%	5.0%
5232 Special Payroll - Summer	7.3%	6.6%	5.0%
5233 Adjunct Faculty	7.3%	6.6%	5.0%
5234 Faculty Overload	7.3%	6.6%	5.0%
Student Payroll			
5240 Student Labor	0.0%	0.9%	5.0%
5245 Work Study Student Payroll	0.0%	0.0%	0.0%
Other Personal Services			
5350 Lump Sum Payments	31.2%	27.8%	5.0%
5360 Longevity Payments	31.2%	27.8%	5.0%
5370 Overtime	31.2%	27.8%	5.0%
5380 Shift Differential Pay	31.2%	27.8%	5.0%
5390 Accrued Sick Leave at Retirement or Death	31.2%	27.8%	5.0%
5310 Snow and Ice Differential	31.2%	27.8%	5.0%
5320 Accrued Vacation at Term., Retirement, or Death	31.2%	27.8%	5.0%
5340 Holiday Pay	31.2%	27.8%	5.0%
5330 Allowances (Cell phone stipends, etc)	31.2%	27.8%	5.0%

** Sponsored Programs rates submitted for approval by DHHS. Starting FY26, the Sponsored rates include the Federal Ag programs.

If you have any questions on the University Program rates, please contact your assigned budget analyst or Budget, Planning and Institutional Research at budget@uconn.edu.

FAQ

University Program Fringe Rates – FY26

1. Will I have savings in my account due to the lower University Program fringe rates?

No. There will be an equivalent transfer out equal to the reduction in the rates.

2. Why will there be a transfer out to central?

Beginning in FY24, the State changed the way they fund fringe benefit costs for the University. It was a budget neutral change and had no net impact on the University's bottom line. The transfer out will allow the University to maintain that budget neutral perspective, especially in the current fiscal climate.

3. How did the State change their support of fringe?

- Prior to FY24, the State funded **all fringe** costs (~\$200M) for a **select group of employees**. Those fringe costs included health insurance, taxes, retirement/pension costs, etc.
- Beginning in FY24, the State funds **retirement/pension fringe** costs only (~\$200M), for **all employees**.
- It was just a swap for which costs they were covering. It was a budget neutral change and did not provide any savings to the University's bottom line.

4. What was the purpose of the fringe support change from the State?

The fringe change takes away the future risk for volatility and large increases in the retirement/pension costs from the University and places it with the State. It also provided an opportunity for lower research rates to drive competitiveness in grant award activity.

5. Why did the Sponsored Program rates drop significantly in FY24 with this change, but University rates didn't?

Since the state was technically covering the retirement fringe costs, to avoid duplication, those costs could not be included in the rates charged to the federal government. The University had previously been subsidizing the research rates to allow for grant competitiveness and that practice continued into FY24 and beyond.

6. Why can't the University Program rates be subsidized in the same way?

There is no funding available to allow for a subsidy.