

University of West Georgia Procedures for Budgeting Fringe Benefits

The University adopted a new fringe policy (summer 2011) that specifies:

- *The fringes attached to any specific position are calculated as a standard percentage of the position's salary and deposited in a "Fringe Pool" of money used by the Budget Office exclusively for paying specific fringe benefit costs associated with employees individually and **collectively**.*
- *When a new position is created, an amount equal to the standard fringe percentage is transferred to the Fringe Pool, where it is controlled by the Budget Office.*
- *When a position ceases to exist in a division, an amount equal to the standard fringe percentage is subtracted from the Fringe Pool and transferred back to the **division** where the salary resides.*
- *Should the burden of costs borne by the Fringe Pool prove inadequate to pay all fringe expenses (due to increased premiums, new benefits, or other inflationary pressures, the President shall treat this exigency like any other financial exigency, allocating new funds (if any), re-allocating funds allocated elsewhere in the budget, or drawing upon reserves.*
- *Should the Fringe Pool significantly exceed the costs it must bear, the President shall reallocate the overage (on a one-time or permanent basis) to areas of greatest priority and need.*

To implement the new policy the Budget Office has revised the procedures for budgeting fringe benefits.

Each budgeted position must have the necessary employer's fringe costs budgeted based on the type of employee. Fringe costs may include FICA Old Age Survivor's Insurance (OASI), FICA Medicare, retirement contribution, health insurance premium, and life insurance premium. The following chart identifies the costs associated for fiscal year 2014. To view the most recent costs, please visit the "Budget Management Tools" on Budget Services website: <http://www.westga.edu/budget/>.

FY 2014 Benefit Rates

Benefit	Account	Rate
FICA OASI	551100	6.20% of salary
FICA Medicare	551200	1.45% of salary
Retirement (avg)	552x00	10.75% of salary
Health Insurance (avg)	553xxx	\$7,300/yr
Life Insurance	553210	\$180/yr

Note: the "x" in the account code indicates more than one number possible.

Each position is designated as a specific "type of employee." A Pay Group code is used to identify each type of employee. Benefits eligibility is determined by the Pay Group code. The following chart indicates the benefits associated with each Pay Group. This chart may be found on Budget Services website under "Budget Management Tools at: <http://www.westga.edu/budget/>.

Fringe Costs Based on Pay Group

Pay Group	Employee Type	Account	Benefits/Fringe					GA** DefCon	Pay Frequency
			Social Security	Medicare	Retire	Health Ins	Life Insur		
			551100 6.20%	551200 1.45%	552000 10.75%	553000	553000		
54A	Administrative - Salaried 12 Month	521100	X	X	X	X	X		Monthly
54X	Administrative - Salaried 9/10 Month	521100	X	X	X	X	X		Monthly
54C	Casual Labor - Biweekly	525100		X				X	Bi Wkly
54L	Casual Labor - Monthly *EXCEPTION - with HR Approval Only	525100		X				X	Monthly
54F	Faculty - 10 Month	511100	X	X	X	X	X		Monthly
54Y	Faculty - 12 Month, VPs, President, Deans, Assoc/Assist Deans	511100	X	X	X	X	X		Monthly
54P	Faculty - Part Time	512100		X				X	Monthly
54G	Graduate Assistants	523100							Monthly
54J	Staff - 9/10 Month Non-exempt	522100	X	X	X	X	X		Bi Wkly
54H	Staff - 12 Month Non-exempt	522100	X	X	X	X	X		Bi Wkly
54T	Student Assistants - Biweekly	524100							Bi Wkly
54T	Student Assistants - Monthly - Resident Assistants, SGA Officers, and West Georgian	524100							Monthly
54W	Work Study - Federal	723100							Bi Wkly

NOTE: If the employee is contributing to a state-sponsored retirement program at another institution and is working PT at UWG, your department will be accessed retirement on their earnings at UWG.

*** In lieu of Social Security; Employee cost only.*

Responsibility:

- The Director of Budget Services has oversight responsibility for the “Fringe Pool” which consists of the fringe amounts budgeted in each department’s budget and the Staff Benefit department (1063000).
- The university “owns” the fringe in the state, tuition, and institutional fee fringe budgets not the individual department.
- Departments funded by self-support revenue (funds 10600, 12000, 13000, 14000, 15000, and 16000) will be responsible for generating sufficient revenue to cover any required fringe

expenditures. For this purpose, fund 10600 excludes the institutional fee.

Budget Development:

During the budget development process each year, the following will occur:

1. The Director of Budget Services will request from the President sufficient funding to cover the costs of unemployment insurance, workers compensation insurance, the employee assistance program, retiree's health insurance premium, and anticipated increases in employer's health insurance premium for current employees. The spending authority will be budgeted in the Staff Benefits department 1063000.
2. Any positions approved by the President through the President's budget development process, will have the fringe costs covered for the salary amount budgeted from the general university's resources using the estimated costs for the fiscal year.
3. Any positions created by a department that were not approved through the President's budget development process will have the fringe costs covered from the department's resources using the estimated costs for the fiscal year.

Budget Amendments:

After the initial budget is finalized through the budget development process, any changes to budgeted resources occur through the amendment process.

1. Creating New Positions: If new positions are created after the initial budget development process, the department must cover the estimated fringe costs from their own resources using current year rates. These resources become part of the university's Fringe Pool. These amendments will be processed as "permanent."
 - a. If the salary budget from an existing position is used to fund the salary of a new position, the FICA and retirement associated with the salary budget will transfer to the new position by Budget Services.
 - b. If the salary budget from an existing position is used to fund the fringe for a new position, the salary budget used becomes part of the Fringe Pool and is not available to the department.
 - c. If the salary budget is transferred from a fully benefitted position to a partial or non-benefitted position, the unused fringe budget reverts to the Fringe Pool.
 - d. Fringe from a vacant position cannot be used to cover fringe of another position unless the associated salary dollars are moved with the fringe budget.
2. Inactivating Positions: The Vice President of the division where the position resides will have access to the position's salary and fringe budget. The fringe budget is equivalent to the average fringe rates used during budget development for the budgeted salary amount.
3. Salary Transfers During the Year: Budget amendments may be submitted moving budgeted spending authority from a vacant or "over-budgeted" salary account code to other expenditure codes on a permanent or temporary basis.
 - a. If a portion of a salary budget is transferred to an existing benefitted position due to reclassification, promotion, pay raise, additional hiring, etc., any FICA and/or retirement currently funded with the position moves with the salary dollars as needed. Unused fringe reverts to the fringe pool.

4. Fringe Transfers:
 - a. Amounts budgeted in a specific fringe account code cannot be transferred to a different account code.
 - b. Health and life insurance premiums can only be used by one position within a fiscal year.

5. Employees on Leave of Absence (LOA):
 - a. Paid LOA – no benefits are available to assist with funding a replacement position. The department funds both the salary and fringe for a replacement position.
 - b. Unpaid LOA – only FICA and retirement benefits are available to assist with funding a replacement position. The health insurance premium is still paid on behalf of the LOA employee.
 - c. If replacement salary dollars are not needed the unused fringe budget reverts to the university fringe pool.