

Uniform Negotiated Fringe Benefits

Overview

The UT System’s transition from the IRIS financial platform to DASH, an Oracle-based platform, will necessitate many adjustments. One of those changes is how UT will calculate and charge employee fringe benefits on sponsored projects.

Fringe benefits include benefits paid by the institution to or on behalf of its employees. Examples of fringe benefits include insurance (medical, dental, disability, life), retirement contributions, and social security taxes. For employees whose compensation is paid wholly or in part from sponsored projects, the appropriate proportion of their fringe benefits is charged to the external grant and contract commensurate with the effort charged to the project account. For budgeting and accounting purposes, UTC has traditionally used each individual’s actual fringe benefit rate or a designated composite rate determined by local averages for our campus. As we transition from IRIS to the DASH Oracle Financial system, the traditional approach must change. Unlike in IRIS, the DASH platform’s labor distribution functionality requires pooled or “uniform” fringe benefits costing across employee categories.

To facilitate this change, the UT System engaged with a vendor called Maximus to assist in calculating pooled or uniform fringe rates for major employee groups. The University of Tennessee, on behalf of its constituent campuses and institutes, submitted a negotiated fringe benefits proposal seeking federal approval for the pooled or uniform fringe benefit rates. The rates are based on actual fringe benefit rates averaged across the UT system campuses. The chart below shows the new, uniform fringe benefits that will be used in budgeting for sponsored projects effective immediately and in charging fringe benefits to sponsored projects beginning when DASH financial system goes live in January 2025. See the FAQ below for additional details on employee groups and for a comparison to UTC’s current method for calculating fringe benefits in sponsored project proposals.

Employee Group	Negotiated Fringe Rate
Regular Employees <i>This group includes faculty of all ranks, staff, postdoctoral researchers, full-time or part-time employees, and individuals to be hired.</i>	35.2%
Medical Residents <i>N/A for UTC because we don't have medical residents as an employee group.</i>	20.3%
Graduate Student Employees <i>This group includes graduate employees who receive Assistantship funding either through the PhD or master's Graduate Assistantship program. The fringe benefits only apply to the stipend that is part of the assistantship package. The benefits rate includes health insurance.</i>	11.5%
Temp Employees <i>This group includes individuals expected to be employed for less than 12 consecutive months. At the proposal stage, it is rarely known if an individual will be hired as a temporary or regular employee, so UTC will generally default to using the regular employee rate.</i>	7.9%
Student Employees <i>This group includes any student - undergraduate or graduate – who is paid hourly.</i>	1.5%

Frequently Asked Questions

General

1. *Where can I find more information about why this change was made?*

The UT System has prepared a Frequently Asked Questions document that provides additional background on the negotiated uniform fringe benefit rates. You can access the UT System’s Financial FAQs on ORSP’s Budget [webpage](#).

2. *What is the difference between Uniform Fringe Benefits and Uniform Guidance?*

Many research-intensive universities use negotiated or “uniform” fringe benefits rates to budget for employee fringe benefits costs in proposals and awards. Using this method, benefit expenses are allocated as a consistent percentage of salary expenditures across all departments and funding sources. UT System will replace the method used to date (where each funding source was charged based on an individual employee’s actual fringe benefit costs) with newly developed uniform fringe benefit rates in the five employee categories (Regular Employees, Medical Residents, Graduate Student Employees receiving Assistantships, Temp Employees, and Student Employees paid hourly).

The Uniform Guidance is a compendium of rules and requirements set forth by the White House Office of Management and Budget. They establish cost principles applicable for federal awards and influence many UT fiscal policies. Uniform Guidance was originally released in 2014 and was most recently [updated in October 2024](#).

3. *Does this change impact the actual benefits received by the employee?*

No. Employees will not see a change in their benefits, this is simply a new method for allocating fringe benefits costs that are charged to sponsored projects.

4. *How do these new, negotiated rates compare to UTC’s traditional method of calculating fringe benefits on sponsored project proposals?*

The chart compares the new fringe benefit rates with UTC’s previous practices for calculating fringe benefits in sponsored project proposals.

Employee Group	Negotiated Fringe Rate	UTC’s Previous Budgeting Practices
Regular Employees	35.2%	Actual rate with a “floor” of 34% or “basement” of 20%
Medical Residents	20.3%	N/A for UTC
Graduate Student Employees (Assistantships)	11.5%	9% + budget separately for health insurance
Temp Employees	7.9%	N/A for UTC
Student Employees (Hourly)	1.5%	9%

Submitting New Proposals

5. *When should the uniform fringe benefit rates start being used in sponsored project proposal budgets?*

Proposal budgets should include the new uniform fringe benefit rates effective immediately. Effective January 1, funded projects will charge the uniform rates to the account instead of individualized or actual rates as in the past.

6. How long will the current rates be effective?

We expect the U.S. Department of Health and Human Services (HHS) will issue an approved uniform fringe benefit rate agreement to the UT System that identifies effective dates and rate types (provisional, final, etc.). Uniform fringe benefit rates are renegotiated each year with HHS. Once the agreement has been formally issued, it will be posted to the ORSP website.

7. For multi-year projects, should current rates be proposed for all years?

Yes. The uniform fringe benefit rates should be proposed for all years of a project. While these rates are renegotiated annually, the changes from one year to the next are expected to be quite small. Escalation should not be factored into fringe benefits for multi-year proposals.

8. What position types are included in each of the new uniform fringe benefit rate categories?

All employees at the University are included in the uniform fringe benefit model and have been separated into the following groups. For more information about employment types, please see policy [HR0105](#).

Categories	Negotiated Fringe Rate	Position Title Examples/Description
Regular Employees	35.2%	The vast majority of non-student personnel on sponsored projects will fall into this category which includes faculty at all ranks, post-doctoral researchers, staff, individuals on Limited Duration Appointments, and employees to be hired.
Medical Residents	20.3%	N/A for UTC; applies to UTHSC only
Graduate Student Employees (Assistantships)	11.5%	Graduate (Masters or PhD) students receiving 9- or 12-month Graduate Assistantships that include both a stipend component and tuition remission. Note that tuition remission is not a fringe benefit and must continue to be budgeted separately.
Temporary Employees	7.9%	Individuals expected to be employed for less than 12 months. Typically temporary employees are part-time, non-student hourly workers.
Student Employees (Hourly)	1.5%	Currently enrolled students (graduate or undergraduate) who are paid hourly rates in accordance with HR0105 rather than receiving an assistantship.

9. How should I budget for hourly student employees if they are taking classes while working on the project?

These students would be categorized as Student Employees and the uniform fringe benefit rate of 1.5% would apply. These students have historically been paid from GL 418XXX in IRIS.

10. Do I need to revise a proposal budget currently under review by the sponsor?

In most cases, a proposal currently under technical review by the sponsor will not require any action by the University. Should a proposal be selected for funding, the budget should be revised to incorporate the uniform fringe benefit rates during a Just-in-Time process or at time of award intake prior to account setup. An ORSP staff member will assist with budget revisions needed at the time of award.

11. How will longevity payments be impacted by the change to uniform fringe benefit rates?

Longevity will be treated the same as it is today. Longevity payments have always been a benefit received through payroll and treated as salary. The uniform fringe benefit rates do not include longevity payments, so longevity should be added to and proposed as part of a person's base salary.

12. What is the difference between Employee Tuition Remission and tuition for Graduate Research Assistants?

The method used to establish the uniform fringe benefit rates separated tuition benefits for full time, regular employees (remission) from tuition paid on behalf of graduate students employed at least 25% (tuition & fee waiver). For sponsored projects, tuition associated with a GRA should still be budgeted as a separate direct cost from fringe benefits.

13. How will benefits for Joint Faculty with an external entity be charged?

Joint Faculty, employed by ORNL or another external entity, are not included in the uniform fringe benefit rates model. The fringe rate applicable to those individuals will be provided by their employer. The following sample language for ORNL-employed Joint Faculty should be included in the budget justification to help delineate the variation in fringe rates:

"The PI/Co-PI/etc, [name], has a joint faculty appointment with the University of Tennessee in [department, college] and is an employee of UT-Battelle, LLC. Uniform fringe benefit rates negotiated for the University of Tennessee are not applied to non-employee personnel. This proposal is being submitted by the University and utilizes the PI/Co-I employer's fringe benefit rate applicable at the time of proposal."

Joint Faculty employed by the University of Tennessee should utilize the Regular Employee uniform fringe benefit rate (FAQ 8).

Accounting on Existing Awards

14. Will existing projects be charged the new uniform fringe benefit rates?

Yes. All accounts at the University will utilize the new fringe rates with the switch to DASH in January 2025. This will replace the historical practice of calculating and charging each individual's actual rate.

15. How should I account for budgetary differences on externally funded sponsored projects if the amount of fringe benefits in the existing budget is different from the uniform fringe benefits model?

There is frequently variation across all cost categories between what is budgeted in the proposal and the actual costs at the time of project implementation. Fringe benefits are no different – whether calculated under the previous method or using the new, uniform negotiated fringe rates. Discrepancies between the fringe rates budgeted and actual fringe rates should be handled in the same way that awards are managed when other costs such as tuition, salaries, supplies, or other costs change. PIs should monitor budget expenditures monthly and adjust spending to account for the unexpected change. Depending on the category of personnel working on the project, an increase or decrease in direct costs may result, so it will be important for PIs to review their budgets with their department heads and administrative support staff.

16. *What should be done if a project is inordinately burdened by the new fringe rates such that the project scope is compromised, and the statement of work cannot be accomplished as proposed?*

If the change to uniform fringe rates impacts the budget in an unmanageable way, PIs should contact appropriate leadership in their department and/or division. If the burden is such that the project is at-risk or a revision, amendment, or termination is required, contact ORSP and Accounting Services to discuss next steps.

17. *Do I need to revise my existing sponsored project account?*

The flexibility to revise a sponsored project budget is detailed in the terms and conditions of the award and can vary from project to project. PIs should review their specific awards and discuss their account budgets with their department leaders and administrative support personnel. Some awards or some changes may require agency prior approval or additional action (e.g., a contract amendment). All award information is available to the PI and unit approvers in Cayuse. If you have any questions, please contact ORSP for guidance or resource documents related to your award.

18. *If a revised budget is required to meet the terms and conditions of an award, how is that requested?*

If you find you need to make a budget revision on an active, ongoing award, please contact your liaison in Accounting Services for guidance and assistance. More information about budget revisions in DASH will be announced soon.

19. *Will Accounting Services or the Office of Research & Sponsored Programs request a revised budget?*

Neither Accounting Services nor ORSP have the bandwidth to review all active awards and accounts to evaluate project specific impacts of the change to negotiated / uniform fringe benefit rates. PIs, unit leaders, and administrative personnel should review specific awards, discuss budgets, and take any necessary actions. Accounting Services and ORSP will only process budget revision requests when they are required to meet the terms and conditions of relevant awards.

Impact on Departmental Budgets

20. *How are departments impacted when an individual's actual fringe benefits are higher or lower than the uniform fringe benefit rates?*

With this change to negotiated fringe benefits, this not only impacts the method used to budget for fringe benefits on proposals but also the way that fringe benefits are charged to sponsored projects. Under the previous method of charging fringe benefits, individuals' actual fringe benefits rates were charged to the grant which sometimes left grant accounts underspent or overspent, depending on how the actual rate compared to the budgeted fringe rate. Under the new DASH financial system, fringe benefits will be charged to sponsored program accounts at these negotiated rates regardless of whether the individual's actual rate is higher or lower. It is generally expected that these discrepancies will average out and have a low budget impact on most units. However, for units that have a large volume of grant-funded employees, especially if those employees have higher fringe benefits rates compared to the negotiated rates, there may be a budget impact on those units. Please reach out to the Office of Budget and Finance for guidance.