

## FRINGE BENEFIT RATE SHEET INSTRUCTIONS

Fringe benefits for force account labor are eligible. Except in extremely unusual cases, fringe benefits for overtime will be significantly less than regular time. The following steps will assist in calculating the percentage of fringe benefits paid on an employee's salary.

**Note:** items and percentages will vary from one entity to another.

- 1) The normal year consists of 2080 hours (52 weeks x 5 workdays/week x 8 hours/day). This does not include holidays and vacations.
- 2) Determine the employee's basic hourly pay rate (annual salary/2080 hours).
- 3) Fringe benefit percentage for vacation time: Divide the number of hours of annual vacation time provided to the employee by 2080 (80 hours (2 weeks)/2080 = 3.85%).
- 4) Fringe benefit percentage for paid holidays: Divide the number of paid holiday hours by 2080 (64 hours (8 holidays)/2080 = 3.07%).
- 5) Retirement pay: Because this measure varies widely, use only the percentage of salary matched by the employer.
- 6) Social Security and Unemployment Insurance: Both are standard percentages of salary.
- 7) Insurance: This benefit varies by employee. Divide the amount paid by the city or county by the basic pay rate determined in Step 2.
- 8) Workman's Compensation: This benefit also varies by employee. Divide the amount paid by the city or county by the basic pay rate determined in Step 2. Use the rate per \$100 to determine the correct percentage.

**Note:** Typically, you should not be charging the same rate for regular time and overtime. Generally, only FICA (Social Security) is eligible for overtime; however, some entities may charge retirement tax on all income.

### Sample Rates

Rates may differ between organizations and the table below provides some general guidelines that can be used as a reasonableness test to determine eligible costs. These rates are based on past experience in developing fringe rates for several states. The rates presented are determined using the gross wage method applicable to the personnel hourly rate (PHR) method. The net available hours method would result in higher rates.

## Paid Fringe Benefits

HCA Matching	7.65%	(or slightly less)
Retirement--Regular	17.00%	(or less)
Retirement--Special Risk	25.00%	(or slightly more)
Health Insurance	12.00%	(or less)
Life & Disability Insurance	1.00%	(or less)
Worker's Compensation	3.00%	(or less)
Unemployment Insurance	0.25%	(or less)
Leave Fringe Benefits		
Accrued Annual Leave	7.00%	(or less)
Sick Leave	4.00%	(or less)
Administrative Leave	0.50%	(or less)
Holiday Leave	4.00%	(or less)
Compensatory Leave	2.00%	(or less)

Rates outside of these ranges are possible, but should be justified during the validation process.