



Fringe Benefits

New Mexico Tech Business Office

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This document is continually being updated; we would appreciate any information and/or insight which would help us develop stronger policies for NMIMT's research community.

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I. Introduction

The purpose of this document is to provide general information about fringe benefits and their methodologies and treatments, itemize specific fringe benefits for various labor classes of employees, and provide estimated average rates to be used when creating a proposal for an externally funded project or program.

Fringe benefits are applicable to direct salaries and wages and are treated as direct costs. **NMIMT uses an average fringe benefit rate for estimating fringe benefit costs on grant applications and contract proposals. The estimation is considered sufficient for proposal purposes.** For reimbursement, the cost of each benefit is specifically identified to each employee and the actual expenditures are charged individually to accounts.

Note: If the actual fringe benefit rate is higher for specific individuals proposed on a sponsored project (e.g., individuals with indemnity health), then it is permissible and recommended that the proposal be made at the higher fringe benefit rate.

Rates are reviewed and adjusted periodically based on institute benefit changes and/or changes in state or federal regulations outside the institute's control.

Estimated rates used on proposals are calculated by the development of a pool of fringe benefit costs, which include FICA, Medicare, unemployment compensation, worker's compensation, NM Educational Retirement Plan, life insurance, health insurance, compensated absences, etc. Collectively, these components make up the numerator and represent costs provided to a particular category of employee. The denominator consists of the salaries and/or wages provided to the same labor category of employee. The resulting rate represents the percentage that must be added to employees' salary and wage dollars.

The categories of employees having separate fringe benefits rates are as follows:

- Faculty,
- Regular employees: Salaried, Hourly and Temporary/Emergency hires, and
- Student employees.

Note: Students may have a change in status. For example, students not enrolled for a specific semester but working full time are subject to additional fringe benefits such as: FICA and Medicare. Check with Payroll office or Sponsored Projects for a unique rate.

Main campus is currently on a cash basis of accounting for accrued leave, such as annual leave, sick leave, and holiday pay. This methodology means that leave is charged when taken or when the employee terminates employment, as opposed to being charged when earned. This latter

treatment is referred to as a full accrual methodology. The treatment of compensated absences accounts for the difference in the rates of regular employees (faculty status employees do not earn compensated absences).

The purpose of the full accrual methodology is for NMIMT to have funds available to liquidate compensated absence liabilities accrued by employees after an externally funded program terminates. Full accrual rates are normally established when an organization/group is essentially supported by "soft" money. Soft money is defined as funds provided by an external source for a specific project or program for a definite period of time.

Groups currently under a full accrual methodology include Tech Transfer Group (TTG), Energetic Materials Research and Testing Center (EMRTC), Institute for Complex Additive Systems Analysis (ICASA), Petroleum Recovery Research Center (PRRC), Magdalena Ridge Observatory (MRO), Incorporated Research Institutions for Seismology (IRIS), and individuals (non-faculty) on Intergovernmental Personnel Assignments (IPAs).

Note groups on a full accrual methodology should be aware of a concept known as "productive man hours" for pricing purposes. This is established at 1,812 productive hours as calculated below:

2,080 Total Billable Hours
168 Less Vacation Hours (21 days per NMIMT policy)
12 Less Sick Leave Hours (10% of 120 hours)
<u>88</u> Less Holiday Hours (11 days per NMIMT policy)
1,812 Total productive man hours

Compensated absences are part of the fringe benefit package offered to NMIMT non-faculty employees and are accrued in accordance with the employee handbook. Consult the Director of Finance to determine when a separate rate is appropriate.

II. Rates

Estimated rates used on proposals are calculated by the development of a pool of fringe benefit costs, which include FICA, Medicare, unemployment compensation, worker's compensation, NM Educational Retirement Plan, life insurance, health insurance, compensated absences, etc. Collectively, these components make up the numerator and represent costs provided to a particular category of employee.

Note: The rates listed here are **average** rates used to estimate fringe benefit costs when creating a proposal for a sponsored agreement. This estimation is considered sufficient for proposal purposes. Individual employees' rates may vary.

The currently established rates are as follows:

Main Campus	
Faculty	34.97%
Staff Salaried	36.71%
Staff Hourly	42.01%
Temporary/Emergency Employee	23.35%
Student Employee	1.91%

EMRTC/Playas/ICASA	
Faculty	34.97%
Staff Salaried	56.86%
Staff Hourly	65.20%
Temporary/Emergency Employee	23.35%
Student Employee	1.91%

Bureau of Geology	
Staff Salaried	67.39%
Staff Hourly	76.23%
Temporary/Emergency Employee	23.35%
Faculty	34.97%
Student Employee	1.91%

MRO/PRRC/TRIS	
Faculty	34.97%
Staff Salaried	61.95%
Staff Hourly	71.42%
Temporary/Emergency Employee	23.35%
Student Employee	1.91%

TTG	
Staff Salaried	65.34%
Staff Hourly	58.26%
Temporary/Emergency Employee	23.35%
Student Employee	1.91%

III. Components

Fringe benefits consist of the following costs for each category of employee (a full description of the benefits is available in the Human Resources Office, while summary descriptions are available in NMIMT's Employee Handbook):

A. Faculty

- Health plan
- Life insurance
- New Mexico Educational Retirement Plan or alternate retirement plan
- Tuition waiver (regular, full time employees only)
- Legally required benefits (e.g., FICA, Medicare, unemployment compensation, and workers' compensation)

B. Regular Employees (Non-Faculty both salaried and hourly)

- Annual leave
- Sick leave
- Holiday pay
- Miscellaneous leave (e.g., jury duty, witness duty, etc.)
- Health plan
- Life insurance
- New Mexico Educational Retirement Plan (or alternate retirement plan if employee is exempt and meets certain other criteria, otherwise New Mexico Educational Retirement only)
- Tuition waiver (regular, full time employees only)
- Legally required benefits (e.g., FICA, Medicare, unemployment compensation, and workers' compensation)

C. All Other Employees

- Legally required benefits (e.g., FICA, Medicare, unemployment compensation, and workers' compensation)

IV. Policy Authority

Director of Finance, VP of Administration and Finance