June 8, 2020

Memorandum

To: Distribution List

From: Beth S. Whitfield, CPA
Director, Fringe Benefits Accounting & Reporting

Subject: FY21 Fringe Rates Approved

The Department of Health and Human Services (DHHS) formally approved Duke University’s federal fringe benefit rates for fiscal year 2020/2021. Please note: The faculty/staff rates have changed from the December communication to adjust for upcoming changes to the Faculty and Staff 403(b) Plan, recently announced by President Price. In addition to a twelve-month suspension of contributions to the 403(b) plan, the FY21 rate takes into account revised wage base assumptions as well as other benefit cost changes driven by the wage base. The approved rates for FY21 and the projected rates for FY22 and FY23 are summarized below.

As communicated by Senior Leadership, the following funding sources will receive the lower FY21 fringe rates on exempt payroll:

- DUHS
- PDC (with respect to leased employees and physicians paid on 830/859 funds)
- Federal awards (including Federal flow-through)
- Non-federal externally-sponsored research funds (e.g. foundations)
- Permanent endowment expendable funds

For all other funding sources, the related “savings” will be captured centrally through an assessment process equal to the 9.6% reduction generated from the suspension (calculated as the anticipated rate of 24.6% less the approved rate of 15.0%). This assessment will be highly transparent in the system to our schools and departments using a unique GL account.

The FY22 and FY23 projected rates are the same as communicated in December; however, they are preliminary estimates and will likely change based on the fringe analysis and budgeting process that occurs this fall. These rates should be used for budgeting, long range planning, and preparing grant applications that cross fiscal years.
<table>
<thead>
<tr>
<th></th>
<th>Faculty/ Monthly Staff</th>
<th>House Staff/ Postdocs</th>
<th>Hourly Staff</th>
<th>Students</th>
<th>PhD Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 20/21 Approved Non-Federal</td>
<td>16.8%</td>
<td>18.4%</td>
<td>22.9%</td>
<td>7.7%</td>
<td>13.4%</td>
</tr>
<tr>
<td>FY 20/21 Approved Federal</td>
<td>15.0%</td>
<td>18.4%</td>
<td>22.5%</td>
<td>7.7%</td>
<td>13.4%</td>
</tr>
<tr>
<td>FY 21/22 Projected Non-Federal</td>
<td>27.0%</td>
<td>18.8%</td>
<td>23.7%</td>
<td>7.7%</td>
<td>13.0%</td>
</tr>
<tr>
<td>FY 21/22 Projected Federal</td>
<td>24.9%</td>
<td>18.8%</td>
<td>23.4%</td>
<td>7.7%</td>
<td>13.0%</td>
</tr>
<tr>
<td>FY 22/23 Projected Non-Federal</td>
<td>26.1%</td>
<td>19.2%</td>
<td>24.0%</td>
<td>7.7%</td>
<td>14.3%</td>
</tr>
<tr>
<td>FY 22/23 Projected Federal</td>
<td>24.5%</td>
<td>19.2%</td>
<td>23.6%</td>
<td>7.7%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Notes:

1) The “Federal” rates will be used for federal grants and contracts, Duke Regional Hospital (Co 0050), Duke Raleigh Hospital (Co 0060), and Associated Health Systems (Co 0051). The differentiation between Federal and Non-Federal reflects elimination of participation and reimbursement for the child tuition benefit program for the afore-mentioned entities and funding sources.

2) The “Non-Federal” rates will be used for all other entities including non-federal grants, contracts, departments, etc.

This announcement will be placed on the Duke Finance website at [https://finance.duke.edu/resources/docs.php#fringe](https://finance.duke.edu/resources/docs.php#fringe). Please distribute this information as appropriate.
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