

The Medical Center recently received formal notification of new fringe benefits and overhead rates. The rates for both overhead and fringe benefits for the current fiscal year (FY09) remain unchanged.

However, beginning October 1st 2009 (FY10) our overhead rate will be increasing as follows:

- 73.5% of modified total direct costs (MTDC) 10/1/09-9/30/10 (FY10)
- 74% of MTDC 10/1/10-9/30/13 (FY11-13)

These rate increases are directly the result of increased costs associated with our move into the Center for Life Sciences building in 2008.

The fringe benefits rate for BIDMC paid employees will increase effective 10/1/09 from 23% of salaries and wages (S&W) to 27.1% of S&W. The increase in the fringe benefits rate may seem incongruous given the cuts in the fringe benefits themselves. But the freezing of salaries, which is the denominator used in calculating the rate, offsets the cost reductions, leaving the rate unchanged for the current fiscal year. The increase next fiscal year to 27.1% is largely the result of a single factor, a four-fold increase in the cost to fund the Medical Center's cash balance pension plan. In years past, the factors that affected the pension cost (investment returns, interest rates and the age of our employees) had all remained relatively constant. Beginning last year two of the three factors, investment returns and interest rates, were hit with unprecedented decreases resulting in a dramatic increase in expense. These costs will be incurred beginning next fiscal year for the Medical Center to remain compliant with pension benefit accounting rules.

Please remember that this fringe benefits rate increase only applies to the salaries and wages of employees that receive BIDMC paychecks. HMFP's rate is currently scheduled to remain at 27% of HMFP salaries.

Beginning 10/1/09, all research accounts (sponsored or non-sponsored/discretionary) that incur S&W expense will be charged fringe benefits at a rate of 27.1% for BIDMC employees only. However, regarding the IDC rate, the Medical Center will apply the lower overhead rate for current grants that were awarded at previous 70% rate.

Budgeting grant applications:

If the first year of the budget overlaps fiscal years please prorate and apply 2 different IDC rates and fringe rates.

Keep in mind that if you have subs, patient care or equipment, it is best to apply the rates based on the number of months.

For example:

Budget dates: 4/1/10-3/31/11

6 months at 73.5%

6 months at 74%

This includes splitting evenly your subs, equipment and patient care

See attached DHHS rate agreement signed 05/19/09