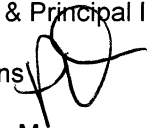


TO: Vice Chancellors, Deans, Directors, Department Heads & Principal Investigators  
FROM: Patricia Overko, Controller & Director of Fiscal Operations   
CC: Finance & Administration Advisory Members & Business Managers  
SUBJECT: FY 2020 Fringe Benefit and Payroll Tax Rates  
DATE: August 23, 2019

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The University assesses the cost of fringe benefits and payroll taxes based on the state's approved rates which are established in accordance with an agreement between the Commonwealth of Massachusetts and the U.S. Department of Health and Human Services (DHHS). The Office of the State Comptroller has notified the University that the following rates have been approved for FY 2020:

Fringe benefit rate	35.48% of regular (benefited) employee compensation (Includes health insurance, pension & terminal leave)
Payroll tax rate	2.06% of compensation for regular & contract employees (i.e. Blended rate - includes unemployment, universal health & medicare tax)

Effective October 1, 2019, the payroll tax rate will include an assessment for Paid Family and Medical Leave (PFML) and will increase by 0.37%:

Payroll tax rate	2.43% of compensation for regular & contract employees (i.e. Blended rate - includes unemployment, universal health, medicare tax & PFML)
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In addition, other required payroll-related charges will continue to be assessed during FY 2020 as follows:

Health & welfare	\$33/bi-weekly per FTE*
Worker's compensation	0.26% of compensation for regular & contract employees**

The fringe benefit and payroll tax rates have been updated in the university's payroll and finance systems and are effective as of 7/1/2019. If you have questions about these costs, you may contact the Controller's Office at 617-287-5120.

\* This rate is established in accordance with collective bargaining agreements.

\*\* This rate was approved in a rate agreement with the U.S. DHHS and University of Massachusetts Boston