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**NORTHWESTERN  
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TO: Deans, Department Chairs, Center Directors,  
Project Directors, and Administrators

FROM: Eugene S. Sunshine 

DATE: April 7, 2008

SUBJECT: Employee Benefit Rates

In Fiscal Year 2009, Northwestern University will continue to apply four distinct employee benefit rates. The table below displays the recently negotiated benefit rates for FY 2009 along with two years of historical data.

Rate Description	Type of pay it covers	FY 2007	FY 2008	FY 2009
Full non-Federal	Benefits-eligible employees paid from non-Federal funds	25.3%	24.0%	<b>24.1%</b>
Full Federal*	Benefits-eligible employees paid from Federal funds	24.0%	22.4%	<b>21.9%</b>
Statutory	Temporary employees, supplemental pay to regular employees	7.0%	6.7%	<b>6.6%</b>
Graduate School student	TGS teaching assistants, research assistants, graduate assistants	1.8%	1.7%	<b>1.7%</b>
Other student	Hourly wages to student workers, non-Graduate School graduate students	0.0%	0.0%	<b>0.0%</b>
Exempt	Federal Work Study salaries & wages, Kellogg consulting	0.0%	0.0%	<b>0.0%</b>

\* Note: The full Federal benefit rate applies whether funds are received directly from the Federal government, or if Federal funds are subcontracted to Northwestern through another educational institution, industrial sponsor, state or local government, or other sponsor.

The decrease in the full federal rate and the modest increase in the non-federal rate were due to benefit program cost savings realized in FY 2007. These savings are largely attributable to changes made in the University's health plan programs for calendar year 2007.

As a reminder, the "Federal rate" is applied to salaries and wages charged against Federally funded sponsored projects. The Federal rate excludes the cost of the reduced tuition and portable tuition plans, which provide tuition assistance for employees' dependents. These costs are unallowable under OMB Circular A-21. The statutory rate is applicable to salaries and wages that qualify only for those benefits mandated by statute (Social Security, Medicare, workers' compensation insurance, and unemployment insurance). The Graduate School student rate applies to full-time Graduate School students receiving pay for service as teaching assistants, research assistants, or graduate assistants.

The primary benefit that Graduate School students receive is a University contribution toward the student hospitalization insurance premium. We determined that benefit eligibility for statutory and Graduate School student populations is sufficiently different from the general employee population to warrant separate benefit rates.

Starting in FY 2004, student hourly wages, formerly assessed a full benefit charge, have been exempted from any benefit charge. We also now exempt from a benefit charge any graduate students not enrolled in the Graduate School who are working as teaching assistants, research assistants, or providing some other form of service, since the University does not subsidize part of the hospitalization insurance premium for them.

In FY 2009, the benefit rates will be assessed based on the People Soft account code (i.e. object codes) to which a salary or wage is charged. That is, each salary or wage account code is associated with only one benefit rate. It is therefore important to review the definitions for use of each account code to ensure that the correct benefit rate is applied.

To facilitate the budgeting of grant and contract proposals, we are providing a five-year rate projection. The rates should be used on all proposal budgets submitted to sponsoring agencies and foundations. **The rates, which are intended for planning purposes, must be considered provisional.** Actual rates for these years will be determined through the annual DHHS negotiation process and may be different from the projected rates shown here.

Historical rates are as follows:

	Full Non-Federal	Full Federal	Statutory	TGS Student
1999-00	18.00%	16.65%	NA	NA
2000-01	18.85%	17.50%	NA	NA
2001-02 (9/1/01-2/28/02)	20.75%	19.75%	NA	NA
2001-02 (3/1/02-8/31/02)	18.25%	17.25%	NA	NA
2002-03	19.70%	18.70%	NA	NA
2003-04	23.4%	22.1%	6.6%	1.8%
2004-05	23.0%	22.1%	6.6%	1.8%
2005-06	24.7%	23.4%	7.0%	1.8%
2006-07	25.3%	24.0%	7.0%	1.8%
2007-08	24.0%	22.4%	6.7%	1.7%

Projected rates are as follows:

	Full Non-Federal	Full Federal	Statutory	TGS Student
<b>2008-09</b>	<b>24.1%</b>	<b>21.9%</b>	<b>6.6%</b>	<b>1.7%</b>
2009-10	25.3%	23.5%	6.7%	1.7%
2010-11	26.2%	24.3%	6.8%	1.7%
2011-12	26.9%	24.9%	6.8%	1.7%
2012-13	27.6%	25.5%	6.8%	1.7%

Questions regarding the employee benefit rate may be directed to the Office of Budget Planning (847-491-4740 or email to [johnson-c@northwestern.edu](mailto:johnson-c@northwestern.edu)). Assistance on developing budgets for proposals to sponsoring agencies may be obtained from the Office of Sponsored Research (847-491-3003 or 312-503-7955).