FREQUENTLY ASKED QUESTIONS

A proposed funder has asked that our research budget include a list of personnel with their daily rate. How do I calculate the daily rate of an employee?

For full-time staff, the daily rate is calculated by dividing annual salary by the number of weekdays in the fiscal year. In Fiscal Year 2016 (July 1, 2015 to June 30, 2016) that number is 262.

For faculty on academic year appointments, the daily rate is calculated by dividing annual salary by the number of weekdays in the faculty academic year (9 months). In Fiscal Year 2016 that number is 197.

For faculty on calendar year appointments, the daily rate is calculated by dividing annual salary by the number of weekdays in the faculty calendar year (11 months). In Fiscal Year 2016 that number is 240.

It is important to note that all full-time employees are paid over 12 months, or 262 days in Fiscal Year 2016.

What is the standard overhead rate to be used for research project budgets with the State of New Jersey?

Rutgers uses the term Facilities and Administrative Costs instead of overhead. There is no standard rate for Facilities and Administrative Costs for contracts with the State of New Jersey. Historically, most State of New Jersey agencies have limited F&A Costs to 10% for Rutgers contracts. Some agencies, like NJ DOT and NJ Transit, have allowed 10.5% in F&A Costs on their contracts. One or two NJ agencies have paid 20% in F&A on contracts, and I have seen instances where a State agency has limited F&A to 8%. There are a few State agencies that will not pay for F&A Costs at all. There was some talk in the past of the University trying to negotiate a standard F&A Costs rate that could be universally used for all State of New Jersey contracts, but this never happened. With the University’s switch to the Responsibility Center Management budget model beginning in FY 2016, perhaps the University will initiate discussions with the State to come up with a standard F&A rate for sponsored research contracts.
What are the components of the Fringe Benefits rate applied to regular salaries?

Rutgers is currently using a ‘provisional’ Fringe Benefits rate of 32.78% for regular salaries. This provisional rate has been in effect since 7/1/2014, but has not yet been adopted as the final rate for FY 2015. The last Federally-negotiated ‘fixed’ Fringe Benefits rate for full-time employees was approved for FY 2014, and that rate was 42.20%.

The components of that 42.20% rate are: Health Benefits @ 30.06%, Pension @ 11.29%, and Other @ 0.85%. The Other category includes Workers Comp, Staff Tuition Remission, State Unemployment Insurance, Temporary Disability Insurance, Unused Sick Leave, Carry-over (from actual experience two years ago), and Rounding.

It is worth noting that prior to 7/1/2013 Social Security (FICA) and Medicare taxes were included as part of the University’s Fringe Benefits rate. Effective FY 2014, the actual amounts for these two taxes have been specifically identified for each employee and charged separately to grants and other accounts as a direct cost. The current tax rate for FICA is 6.20% and Medicare is 1.45%.

Updated August 13, 2015