

Weill Cornell Medicine (WCM) Office of Financial Management Fringe Benefits

Fringe Benefits Overview

WCM provides a broad array of non-salary benefits for faculty and staff members. The cost of these benefits is initially incurred centrally by WCM for ease of control, monitoring and timely interaction with benefit vendors. Benefit costs are ultimately allocated among funding sources that support each employee's compensation.

A composite fringe benefit rate is used to perform this distribution process, the product of a calculation that features the total costs of WCM benefits as the numerator and the aggregate level of applicable WCM compensation as the denominator. The resulting percent charge is applied like a sales tax to each compensation expense transaction. Any over- or under-collection of charges and cost recoveries is rolled forward and built into rate calculation of a future fiscal period.

As WCM receives federal grant support, our rate calculation is audited each year by the Department of Health and Human Services to ensure accuracy and compliance with all government regulations. The audit process includes a review of the prior year's actual results and the prospective year's projected activity, yielding a negotiated rate for the upcoming fiscal year.

This composite rate methodology blends the costs and recoveries across all employees and every funding source. Similar to the way income taxes support aggregate government programs and services, the fringe rate addresses benefit costs and funding at the macro, rather than micro, level. This avoids calculating an individual assessment for each employee as determined by the benefit costs incurred specifically for that employee.

Separate rate categories for faculty/staff members, temporary employees and individuals receiving stipends are based primarily on government regulations. As government regulations prohibit funding for certain key WCM benefits such as the Children's Tuition Plan, separate rates are calculated for employees funded by grants. Currently, the faculty/staff fringe rate is applied to all effort-based compensation such as base salary and administrative supplements, as required by federal guidelines. For faculty members with an annual base salary less than \$225,000 who receive Physician Organization supplemental compensation, the fringe rate is assessed based on the supplemental compensation amount between the base salary and \$225,000. Any supplemental compensation greater than this level is only assessed the mandated Meditax rate.

In terms of determining which compensation components are assessed the fringe benefit charge:

	<u>Full Fringe Rate Assessed</u>	<u>Federal Mandated Meditax Charge</u>
Total base salary	X	Included in full rate
Administrative supplement	X	Included in full rate
Supplemental compensation for faculty members with a base salary less than \$225,000 and compensation amount between base salary and \$225,000	X	Included in full rate
Faculty members with a base salary less than \$225,000 and supplemental compensation in excess of \$225,000		X
Supplemental compensation for faculty members with a base salary greater than \$225,000		X

2019 Fringe Benefit Rates

- Faculty and staff (grant/contract-funded): 29.2 percent
- Faculty and staff (non-grant/contract-funded): 32.9 percent
- Stipends: 22 percent
- Temporary employees: 9 percent

2019 Fringe Benefit Costs

- Statutes: 24 percent
- Pensions: 27 percent
- Medical plans: 45 percent
- Other: 4 percent