Dear Department Chairs and Business Administrators:

The purpose of this communication is to inform you that effective July 1, 2012, the University will implement a new fringe rate for federally sponsored grants and contracts. This new fringe rate was calculated in compliance with OMB Circular A-21 *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions* and will be applied to all federally sponsored grants and contracts. The University’s federal and non-federal (or University standard) fringe rates that will be in effect for fiscal 2013 (beginning July 1, 2012) are as follows:

Employee Class Federal Non-federal

Full-time with benefits 25.0% 27.4%

Part-time with benefits 15.0% 17.4%

Part-time without benefits 10.0% 10.0%

While the federal fringe rate for sponsored grants and contracts, as shown above, is lower than the University’s standard fringe rates for full-time and part-time employees with benefits, all current benefits for faculty and staff will remain unchanged.

Implementation of the federal fringe rate requires that salaries and wages sponsored by the federal government be differentiated from those which are funded by the University. Therefore, new account codes for all salaries and wages funded by the federal government have been created (see chart below). As we begin the new fiscal year on July 1, the new account codes must be utilized for all federally sponsored grant salaries and wages. To assure compliance with OMB Circular A-21, use of the new federal account codes and fringe rates is ***mandatory***. If a faculty or staff member’s salaries or wages are split-funded (federal and non-federal), effort expended on federally sponsored grants and contracts must be charged to the federal account codes and the remaining payroll charges are to be assessed to non-federal account codes (current or existing). Please note that the Finance team will automatically adjust all salaries currently being paid on federal grants to the new federal accounts codes effective July 1, 2012.

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| **Federal Account Code** | **Account Description** | **Federal Fringe Rate** |
| 50043 | Faculty (Federal Grant) | 25.0% |
| 50044 | Faculty Part-Time (Federal Grant) | 15.0% |
| 50045 | Faculty Adjunct (Federal Grant) | 15.0% |
| 50046 | Staff Secondary Teaching (Federal Grant) | 25.0% |
| 50047 | Post Doc Full-Time (Federal Grant) | 25.0% |
| 50048 | Post Doc Part-Time (Federal Grant) | 15.0% |
| 50049 | Full-Time Hourly (Federal Grant) | 25.0% |
| 50050 | Hourly Overtime (Federal Grant) | 25.0% |
| 50051 | Full-Time Exempt (Federal Grant) | 25.0% |

As we move forward with two separate fringe rates, it is imperative that all federal grants and contracts are properly identified upon receipt of the award. In response, we ask that you write “Federal” next to the funding agency on the Fiscal Administration Form to properly identify those sponsored projects that are federally funded. In addition, consistent with the current process, all Additional Compensation Forms must be submitted to Debbie Hellmann for review prior to submission to Human Resources to verify the proper use of account codes. Finally, in the event that the new federal fringe rate results in excess budget within the fringe category of a grant, the re-budgeting of this amount to other line items can be accomplished by completing the “Internal Approval to Re-budget” form which can be found at <http://www.wfu.edu/fas/grants/index.html> under “Re-budgeting Request Form”.

Thank you in advance for your assistance and cooperation. If you have any questions, please do not hesitate to contact one of the following individuals:

**Financial & Accounting Services:**

Debbie Hellmann-Grants Manager (ext. 5187)

Cathy Dillingham-Director of Payroll (ext. 4861)

**Human Resources:**

Beth Fay-Associate Director (ext. 5678)

**Office of Research & Sponsored Programs:**

Lori Messer-Director (ext.5888)

Best regards,

Brandon Gilliland, AVP Finance and Controller

Carmen Canales, Chief Human Resources Officer

James Shore, AVP Budget and Financial Planning

Cc: Hof Milam

Mark Welker

Carol Burns

Jeff Manning

Debbie Hellmann

Beth Fay

Lori Messer

Cathy Dillingham

Gary Willis