

**THE UNIVERSITY OF TENNESSEE SYSTEM**

FINANCE AND ADMINISTRATION

Ms. Lola Oluborode
Branch Chief
Cost Allocation Services
Mid-Atlantic Field Office
5600 Fishers Lane
Office 08N144
Rockville, MD 10278

Dear Ms. Lola Oluborode:

Enclosed with this cover letter is the FY2026 Fringe Benefits Rates Proposal for the five campuses and institutes in the University of Tennessee System. These proposed fringe benefit rates will be used in the fiscal year beginning July 1, 2025. The proposed fringe benefit fixed rates are:

<u>FY</u>	<u>Benefit Pool</u>	<u>Rate</u>	<u>Reference</u>
2026	Regular Employees	34.6%	Schedule 1
2026	Medical Residents	20.1%	Schedule 1
2026	Graduate Student Employees	10.8%	Schedule 1
2026	Temp Employees	6.4%	Schedule 1
2026	Student Employees	1.2%	Schedule 1

Questions or requests for additional information regarding the proposal should be directed to Mira Levine, Maximus Senior Manager, at (703) 582-5097. I look forward to working with you to establish FY2026 fringe benefit rates for the University of Tennessee System.

Sincerely,

DocuSigned by:

David Miller

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David L. Miller

Senior Vice President and Chief Financial Officer
University of Tennessee System
Phone: 865-974-9080
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ENCLOSURES:

Audited Financial Statements for the fiscal year ended June 30, 2024

University of Tennessee System

Fringe Benefit Rates Narrative Description

University of Tennessee System fringe benefit rates by employee category were developed in compliance with OMB Circular 2 CFR Part 200.431. Effective July 1, 2025, fringe benefit rates will be charged using the fringe benefit rates listed on the attached fringe benefit rates schedule.

Fringe benefits include benefits paid by the institution to, or on behalf of, its employees. Examples include medical, dental, disability, life insurance, retirement contributions and social security taxes.

The projected fringe benefits costs and the payroll bases associated with each proposed benefit rate is based on the University of Tennessee System FY2024 actuals. For the regular benefit rate, projected increases in health costs and its payroll base are included.

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contract and other agreements as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences. Terminal vacation leave costs are a fringe benefit cost component included in the regular fringe benefit rate.

Schedule 1

University of Tennessee System Proposed FY26 Fringe Benefit Rates Year Calculation FYE 06/30/2024			Fringe Benefit Rates								
Fringe Benefits Account Description	Regular Employees	%	Medical Residents	%	Graduate Student Employees	%	Temp Employees	%	Student Employees	%	Total
Health Insurance	\$ 155,311,768	12.5%	\$ 11,275,400	12.5%	\$ 7,957,472	10.5%	\$ -	0.0%	\$ -	0.0%	\$ 174,544,640
OPEB	\$ 5,683,063	0.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 5,683,063
Retirement Contribution	\$ 149,977,392	12.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 149,977,392
Social Security	\$ 81,504,617	6.6%	\$ 6,609,018	7.3%	\$ 189,799	0.3%	\$ 2,853,075	6.2%	\$ 339,738	1.2%	\$ 91,496,248
Unemployment Insurance	\$ 186,229	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 186,229
Workers Compensation	\$ 2,654,816	0.2%	\$ 197,893	0.2%	\$ 607	0.0%	\$ 101,347	0.2%	\$ 338	0.0%	\$ 2,955,002
Terminal Leave	\$ 7,866,882	0.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 7,866,882
Life Insurance	\$ 1,517,567	0.1%	\$ 72	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 1,517,638
Employee Tuition Remission	\$ 6,750,329	0.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 6,750,329
Death Benefit - Sick Leave	\$ 687,104	0.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 687,104
FY24 Fringe Benefits	\$ 412,139,766	33.3%	\$ 18,082,383	20.1%	\$ 8,147,878	10.8%	\$ 2,954,423	6.4%	\$ 340,077	1.2%	\$ 441,664,527
FY24 Salaries and Wages	\$1,239,018,953		\$89,950,907		\$75,728,400		\$46,334,588		\$28,262,764		\$ 1,479,295,612
FY24 Actual Calculated Fringe Benefit Rates	33.3%		20.1%		10.8%		6.4%		1.2%		
Proposed FY26 Fringe Benefit Rates											
Projections											
FY25 rate % increase (CY24 Health Insurance rate 5.5% increase and 3% base increase)	\$ 8,542,000	0.67%									
FY26 rate % increase (CY25 Health Insurance rate 5.5% increase and 2.6% base increase)	\$ 9,012,000	0.69%									
FY26 Proposed Calculated Fringe Benefit \$ & Rate	\$429,694,000	34.6%	\$18,082,000	20.1%	\$8,148,000	10.8%	\$2,954,000	6.4%	\$340,000	1.2%	
Federal FY24 salaries/wages % of Total Salaries/Wages	\$ 101,373,221	8.2%	\$ 93,974	0.1%	\$ 23,496,879	31.0%	\$ 5,235,178	11.3%	\$ 3,893,886	13.8%	