THE UNIVERSITY OF TENNESSEE SYSTEM

June 26, 2026

Ms. Lola Oluborode
Acting Director of Cost Allocation Services
Department of Health and Human Services
Cost Allocation Services – Central States Field Office
1301 Young Street, Room 732
Dallas, TN 75202

Dear Ms. Oluborode,

Enclosed with this cover letter is the FY2027 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, 2026. The proposed fringe benefit fixed rates are:

FY	Benefit Pool	Rate	Reference
2027	Regular Employees	34.7%	Schedule 1
2027	Medical Residents	20.4%	Schedule 1
2027	Graduate Student Employees	7.4%	Schedule 1
2027	Temp Employees	5.0%	Schedule 1
2027	Student Employees	.9%	Schedule 1

The University of Tennessee System plans to use the proposed FY2027 fixed rates. We understand that any concurred adjustment from CAS's review process of the FY2027 fringe rates proposal will be incorporated into future fixed rates and applicable carryforward amounts.

Questions or requests for additional information regarding the proposal should be directed to Michael Meunier, Maximus Senior Consultant, at michaelmeunier@maximus.com. I look forward to working with you to establish FY2027 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
Email: davidmiller@tennessee.edu

ENCLOSURES:
Audited Financial Statements for the fiscal year ended June 30, 2025

The University of Tennessee System

Fringe Benefit Rates Proposal

FYE June 30, 2027

Prepared by: Maximus Higher Education, Inc.

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, 2026, 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 FY2025 actuals. For the regular benefit rate, projected increases in health costs and its payroll base are included.

An internal fringe rate for Coaches will be implemented in FY27. As a result, the proposed FY27 regular employees fringe rate does not include the coaches projected FY27 fringe and payroll.

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts 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 FY27 Fringe Benefit Rates Year Calculation
FYE 06/30/2025

Fringe Benefit Rates

Fringe Benefits Account Description	Regular Employees	%	Medical Residents	%	Graduate Student Employees	%	Temp Employees	%	Student Employees	%	Total
Health Insurance	$ 169,500,456	12.9%	$ 12,008,071	12.9%	$ 7,596,454	9.2%	$ -	0.0%		0.0%	$ 189,104,981
OPEB	$ 6,324,078	0.5%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 6,324,078
Retirement Contribution	$ 158,398,335	12.0%	$ -	0.0%	$ 5,268	0.0%	$ -	0.0%	$ -	0.0%	$ 158,403,602
Social Security	$ 92,771,781	7.0%	$ 6,881,347	7.4%	$ 149,738	0.2%	$ 2,685,116	6.4%	$ 363,460	1.2%	$ 102,851,442
Unemployment Insurance	$ 36,600	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 36,600
Workers Compensation	$ 3,157,596	0.2%	$ 103,452	0.1%	$ 642	0.0%	$ 6,163	0.0%	$ 180	0.0%	$ 3,268,033
Terminal Leave	$ 8,451,981	0.6%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 8,451,981
Life Insurance	$ 2,183,610	0.2%	$ 208	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 2,183,818
Employee Tuition Remission	$ 5,592,918	0.4%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 5,592,918
Death Benefit - Sick Leave	$ 270,911	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 270,911
FY25 Fringe Benefits	**$ 446,688,266**	**33.9%**	**$ 18,993,078**	**20.4%**	**$ 7,752,100**	**9.4%**	**$ 2,691,279**	**6.4%**	**$ 363,640**	**1.2%**	**$ 476,488,363**
FY25 Salaries and Wages	**$1,316,893,131**		**$93,293,826**		**$82,542,066**		**$41,877,905**		**$30,589,908**		**$ 1,565,196,836**
FY25 Actual Calculated Fringe Benefit Rates	**33.9%**		**20.4%**		**9.4%**		**6.4%**		**1.2%**		
Proposed FY27 Fringe Benefit Rates											
Projections											
FY25 Over-recovery/Under-recovery Adjustment	**$ (16,858,116)**	-1.2%	$ 54,432	0.1%	$ (1,740,237)	-2.0%	$ (617,075)	-1.4%	$ (95,209)	-0.3%	
FY26 rate % increase (CY26 Health Insurance rate 5.5% increase and 3% base increase)	**$ 9,323,000**	0.7%									
FY27 rate % increase (CY27 Health Insurance rate 5.8% increase and 2.6% base increase)	**$ 10,372,000**	0.7%									
Coaches Internal Rate (Fringe & Payroll Removal)	**$ (7,169,000)**	0.5%									
FY27 Proposed Calculated Fringe Benefit $ & Rate	**$442,356,000**	**34.7%**	**$19,048,000**	**20.4%**	**$6,012,000**	**7.4%**	**$2,074,000**	**5.0%**	**$268,000**	**0.9%**	
Federal FY25 salaries/wages % of Total Salaries/Wages	$ 92,489,835	7.0%	$ 128,882	0.1%	$ 23,943,038	29.0%	$ 5,495,252	13.1%	$ 4,583,143	15.0%	

Schedule 2 - University of Tennessee System Carryforward Calculation - FY2025

Calculation of Carryforward:		Regular Employees	Medical Residents	Graduate Student Employees	Temp Employees	Student Employees
1. Fringe Benefit Cost Recovery for FYE:	Actual Base	$ 1,316,893,131	$ 93,293,826	$ 82,542,066	$ 41,877,905	$ 30,589,908
	Fixed Rate	35.20%	20.30%	11.50%	7.90%	1.50%
	Fixed Rate x Actual Base	463,546,382	18,938,647	9,492,338	3,308,354	458,849
2. Less: Prior Year Carry Forward - (Under-Recovery) FYE: OR Add: Prior Year Carry Forward - Overrecovery FYE:		0	0	0	0	0
3. Net Fringe Benefit Cost Recovery for FYE:		463,546,382	18,938,647	9,492,338	3,308,354	458,849
4. Less: Actual Fringe Benefit Cost Pool FYE:		446,688,266	18,993,078	7,752,100	2,691,279	363,640
5. (Under) Overrecovery to be carried Forward		16,858,116	(54,432)	1,740,237	617,075	95,209
CALCULATION OF FIXED RATE FOR FYE		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
A. Actual FY Fringe Benefit Cost Pool (from 4. above)		446,688,266	18,993,078	7,752,100	2,691,279	363,640
B. Add: (Underrecovery) from 5. above OR Deduct: Overrecovery from 5. above		(16,858,116)	54,432	(1,740,237)	(617,075)	(95,209)
C. Adjusted Fringe Benefit Cost Pool (A. Plus/Minus B.)		429,830,149	19,047,510	6,011,863	2,074,204	268,431
D. Actual Base from 1. above		1,316,893,131	93,293,826	82,542,066	41,877,905	30,589,908
E. Fixed Rate for FYE- 2025 (C / D)		32.6%	20.4%	7.3%	5.0%	0.9%
CURRENT RATE		35.2%	20.3%	11.5%	7.9%	1.5%
PROPOSED RATE		34.7%	20.4%	7.4%	5.0%	0.9%