



System Office of Budgets and Accounting  
**THE TEXAS A&M UNIVERSITY SYSTEM**

June 25, 2024

**MEMORANDUM**

**TO:** Chief Financial Officers  
Academic Institutions and Service Agencies

**FROM:** Verna Fritsche, Director, Accounting *vf*

**SUBJECT:** FY2025 Budgeting for Fringe Benefits on Sponsored Agreements

For fiscal year 2025, please use the fringe benefit rates listed below when calculating fringe benefits for sponsored agreement budgeting purposes. This will not impact reimbursements from sponsored agreements, as fringe benefits will continue to be reimbursed at the actual dollar amount expensed, rather than the budgeted amount.

Beginning July 2000, the State is not required to pay Social Security and Medicare for students who meet certain criteria. For the purposes of fringe benefit budgeting, students that meet the criteria will be called FICA Exempt Students. For students who do not meet the criteria, choose the employee category that applies to them.

**Fiscal Year 2025 Fringe Benefits for Budget Purposes**

Employees Eligible for all Fringe Benefits	18.9% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
Employees Not Eligible for Group Insurance & Retirement	10.7% of direct salaries & wages
FICA Exempt Students Eligible for Group Insurance But Not Eligible for Retirement	3.0% of direct salaries & wages PLUS A fixed monthly dollar amount for group insurance
FICA Exempt Students Not Eligible for Group Insurance & Retirement	3.0% of direct salaries & wages

**Fiscal Year 20243 Fixed Monthly Dollar Amount for Group (Medical & Basic Life) Insurance**

Classification of Employee	Fixed Monthly Insurance Amount
Faculty and Staff – Full Time (100%)	\$1,104
Faculty and Staff – Part Time (50% - 99.99%)	\$545
Insurance Eligible Student [b]	\$283
Combined (all employees) [a]	\$950



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- [a] If the classification of the employee who will be working on the sponsored agreement is known, use the above figure that applies to them. Otherwise, use the combined amount (\$950).
- [b] The fixed monthly insurance amount (\$283) is based on half of the GIP state contributions. However, several System Members have chosen to supplement the remaining half of the contribution or the remaining health premium amounts, whichever is less, if one of the following requirements is met. (The supplement is optional for System Members.)

1. The graduate assistant hired by June 1, 2004.  
or

2. The graduate assistant received a supplement in FY2004.

Below are two tables, *for informational purposes only*. The first table is a breakdown of the fringe benefit percentages. The second table details State monthly contribution towards group (medical and basic life) insurance premiums for insurance eligible employees.

### Breakdown of The Fringe Benefit Percentages

	TRS Eligible Employees[c]	ORP Eligible Employees [d]	Employees Not Eligible for a Retirement Plan	FICA Exempt Students
Social Security on first \$174,900 (employer portion) [e]	6.20%	6.20%	6.20%	NONE
Medicare	1.45%	1.45%	1.45%	NONE
Workman’s Comp. Ins. [g]	.51%	.51%	.51%	.51%
Unemployment Comp. Ins. [h]	.30%	.30%	.30%	.30%
Retirement Plan	8.25% [c]	8.50% [f]	NONE	NONE
Leave Termination [i]	2.15%	2.15%	2.15%	2.15%
TOTAL	18.86%	19.11%	10.61%	2.96%
<b>Fringe Benefit Rate for Budgeting Purposes</b>	<b>18.9%</b>	<b>19.1%</b>	<b>10.7%</b>	<b>3.0%</b>

[c] Teacher Retirement System. The retirement contribution for employees participating in TRS will remain at 8.25% in FY2025.

[d] Optional Retirement Program.

[e] \$168,800 was effective 1/1/2024. Social Security is subject to change as determined by federal law. For calendar year 2025, employee wages subject to social security increased to an estimated \$174,900.

[f] Employees with an ORP start date on or before 8/31/95 are provided the same contribution during FY2025 as they received during FY1995 (8.5%). The state contribution will remain at 6.60% in FY2025. Each member will supplement 1.9% to maintain the 8.5% contribution.

[g] WCI Member assessments range from .10% to .51% based on previous claim experience. See the assessment for each Member in the FY2025 budget instructions.



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- [h] UCI Member rates range from .01% to .30% based on previous claim experience. See the rate for each Member in the FY2025 budget instructions.
- [i] Leave Termination Member assessments range from .13% to 2.15% based on previous years' experience. Each Member determines the rate to use for their institution/agency/health science center.

### Texas AgriLife Extension Service Exception

If the employee has a civil service appointment and is in TRS, the rate is 18.48%

If the employee has a civil service appointment and is in ORP on or after 9-1-95, the rate is 16.83%.

If the employee has a civil service appointment and was enrolled in ORP before 9-1-95, the rate is 18.73%.

### Monthly State Contributions to Group (Medical and Basic Life) Insurance Premiums

Coverage	Full Time (100%)	Part Time (75%-99.99%)	Part Time (50%-74.99%)
Employee Only	\$965.90	\$965.90	\$480.60
Employee and Spouse	\$1,246.94	\$1,246.94	\$621.12
Employee and Children	\$1,161.16	\$1,161.16	\$578.24
Employee and Family	\$1,361.40	\$1,361.40	\$678.36

These fringe benefit percentages and amounts listed in this letter are estimates derived from the average population of all Texas A&M members, if a member's values differ, the member could use the different amounts based upon their employee population. If different numbers are used, the methodology must be documented by the member.

Please call Verna Fritsche at (979) 458-6090 if you have any questions.