

MASSACHUSETTS
Workforce Investment Act

STEERING COMMITTEE

WIA Communication No. 00-20

Policy **Information**

To: Chief Elected Officials
Regional Employment Board Chairs
Regional Employment Board Directors
Service Delivery Area Directors or Designee
Career Center Directors
DET Regional Directors
DET Area Directors
(Distributions attached)

cc: WIA State Partners (Distributions attached)

From: The Department of Employment and Training & Department of Labor and Workforce Development

Date: May 24, 2000

Subject: **FY2001 Fringe Benefit Rate for DET employees**

Purpose: The purpose of this memo is to advise LWIBs and DET MOU negotiators of an anticipated change in the fringe benefit rate for FY2001 for DET employees.

As described on page 6 of the FY2001 Planning Instructions for DET funds the current rate is 24% of regular employee compensation. According to a recent communication from the Office of the State Comptroller (attached) the rate submitted to the US Department of Health and Human Services for FY2001 was 29%. The new factor to be used in calculations for management employees will be 1.5324. The new factor to be used in calculations for union employees will be 1.5174.

While there is no guarantee that the Federal review agency will approve this proposed rate the Commonwealth believes that the final rate will be significantly higher than the current 24%. The increase is primarily related to changes in pension costs. A copy of the memo from the Office of the Comptroller is attached.

Policy: Effective July 1, 2000 the rate for fringe benefits related to health insurance and pension costs will increase from 24% to 29% for all DET employees.

Action Required: All FY2001 Budgets which include DET employees should be reviewed and costs adjusted to include this increase in fringe costs.

References: See attached memo from the Office of Comptroller FY2001-04A

Inquiries: Any questions related to this policy change should be directed to Henry Marcy, Associate Director for Administration and Finance at (617) 626-6603.

Filing: Please file this in your notebook of previously issued WIA Communication Series Issuances as 00-20.



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MEMORANDUM

TO: Legislative Leadership, Judicial Branch Administrators, Elected Officers, Secretariats and Department Heads

FROM: Martin J. Benison, Comptroller

DATE: May 15, 2000

RE: FY2001 Fringe Benefit Rate FY2001-04A

The purpose of this memo is to establish the FY2001 fringe benefit rate for health insurance and pension costs. This rate has been calculated with the concurrence of the Secretary of the Executive Office of Administration and Finance and the U. S. Department of Health and Human Services. It is applicable for both the state "5D" rate used to assess fringe benefit costs on all state funds, other than the General Fund, pursuant to M.G.L. Chapter 29, section 5D and the "6B" rate used to assess fringe benefit costs on Federally supported programs pursuant to M.G.L. Chapter 29, section 6B.

The FY2001 rate will be 29.00% of regular employee compensation (salaries expensed under object codes A01 through A05, A09 and A11) and will take effect beginning July 1, 2000.

The following components comprise the total FY2001 fringe benefit rate.

Group Insurance	14.49%
Retirement	<u>14.51%</u>
Total	29.00%

Questions regarding these rates may be directed to Fred DeMinico at 973-2625.

Questions relative to the MMARS posting of fringe benefits should be addressed to Kraig Keady at 973-2659.

MJB/rl

cc: Chief Fiscal Officers
 MMARS Liaisons