



Office of Research and Economic Development

TENNESSEE TECH

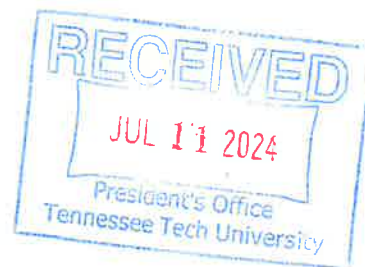
To: President Philip Oldham

Via: Dr. Clare Stinson

DocuSigned by:
Clare Stinson
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7/10/2024

From: John Liu, Vice President for Research

RE: Uniform fringe benefit rate for sponsored projects



The calculation of individual-based fringe rate has been difficult and complicated with our current practices at Tennessee Tech University. In the past year, our staff has used a formula derived from the highest possible coverages of retirement and healthcare expenditures. While this conservative approach simplified the calculation, it clearly overestimates the costs of real fringe benefits. As a result, it has made budgeting very cumbersome, especially with grant programs where the total budget is capped; it also raises questions of our financial practices. Through this memo, we propose to use a single fringe benefit rate of 42% for sponsored activities for fiscal year 2025. This number is from analysis of our current fringe benefits and salary pools of the entire university.

It is reasonable and a common practice in the nation to use the average university's fringe benefit rates for sponsored activities. We will evaluate the fringe benefits and salaries pools each year, and revise the fringe benefit rate as appropriate.