

To: Stanford Research Community

From: Sara Bible  
Director, Cost and Management Analysis

Date: September 14, 2004

Subject: Final FY2005 Fringe Benefits and Vacation Accrual /Disability Sick Leave (DSL) Rates

Stanford and the Office of Naval Research (ONR) have signed an agreement (dated September 14, 2004) to establish final Fringe Benefits and Vacation Accrual/Disability Sick Leave rates for FY05. This agreement supersedes the provisional agreements signed May 11, 2004. The final rates have not changed from the provisional rates previously in effect.

The largest single factor contributing to the higher benefits rate for regular benefits-eligible employees is that Stanford's rates in FY02 and FY03 were too low to recover the University's costs. The large carry-forward from prior years explains about half the increase from FY04 to FY05. The other principal factors are rising health insurance costs and the need to make a contribution (the first requirement in several years) to Stanford's defined benefit retirement plan. The rise in the rate for post-doctoral affiliates is also due to increased health insurance costs and an under-recovery in FY03. Rates for contingent employees and graduate research and teaching assistants will be slightly reduced from FY04. Beyond FY05 we expect there will still be upward pressure on medical and other insurance costs, and we have not yet liquidated all of the under-recoveries from prior years. However, we believe that the worst of the increases in benefits rates is behind us.

Fringe Benefits rates:

Regular Benefits-eligible Employees	30.5% (Note 1)
Post-Doctoral Research Affiliates	19.1%
Contingent Employees	8.9%
Graduate Assistants	3.4%

Vacation Accrual/Disability Sick Leave rates (applicable to only regular benefits eligible staff):

Exempt staff	8.8%
Nonexempt/bargaining unit staff	7.4%

Note 1: This does not include the 1.2% charged against Regular Benefits Eligible Employee salaries for non-government projects only. The 1.2% contributes to the University's fund for continuation of the Tuition Grant Program for children of faculty and staff.

Further information on the Vacation Accrual/Disability Sick Leave rates, including an example, training material, frequently asked questions, templates and policies, can be found at the Vacation Charges web page at <http://www.stanford.edu/dept/DoR/Resources/vac.html>.

Please pass this message along to others in your department or lab who might not have received it. If you have any questions about the application of these rates, please contact the OSR, RMG, or ERA representative serving your department. If you have any questions regarding the rates themselves please contact Nancy Walsworth at 5-7437 or [nancyww@stanford.edu](mailto:nancyww@stanford.edu).