
Subject:

FW: Fiscal Year 2017 Fringe, FICA and Medicare Update

From: Office of the University Controller**Sent:** Friday, March 31, 2017 2:50 PM*TO: Chief Business Officers, Chancellor Units reps, Central Business Managers, New Brunswick Chief Financial Officers*

Dear Rutgers Colleague,

During the next 2-3 weeks, the Office of Budget and Resource Studies (OBRS), and the University Controller's Office will make entries to the general ledger and Projects sub-ledger to record activities related to the fringe benefit expense, FICA and Medicare, and State-paid fringe benefit revenue for FY17. These correcting entries are expected to be completed for the FY17 March close (April 18). The sequence and details of the corrections are outlined below.

To avoid duplication and to ensure the fringe costs are recorded correctly and consistently, please do not record any accrual entries. We will send a follow-up communication after all entries are in the general ledger and Projects sub-ledger, including instructions on how to request or make corrections to these entries.

Corrections for the Period Prior to October 8, 2016

1. Employees charged to State Fund Sources via PeopleSoft from July 1, 2016 through October 7, 2016: An entry will be made to charge fringe benefit expense at 38.17% for regular class 1 and class 3 employees; 28.61% for Teaching Assistants and Graduate Assistants; and 36.08% for Post-Doctoral Associates. The expense will be debited to the same general ledger chart string or Project sub-ledger string that the original salary was converted to using the appropriate natural account.

This entry is necessary because prior to the October 2016 implementation of the new human resources/payroll and financial management systems, the fringe benefit expense was not recorded in RIAS for employees charged to State Fund Sources. To record this expense consistently for the entire fiscal year, pre- and post-implementation, we are recording the expense now.

Prior to October 2016, fringe benefit expense for employees charged to non-State fund sources was recorded in RIAS.

2. We will record the corresponding FICA and Medicare expenses for the same employee group (employees charged to State Fund Sources) listed in item #1 for the period July 1, 2016 through October 7, 2016.
3. State-paid fringe benefit revenue, to offset the fringe, FICA and Medicare expense amounts in #1 and #2, but adjusted to reflect the new FY17 fringe benefit rates, will be posted to the same Unit-Division-Organization-Location-Fund-Business Line as the expense. This is in accordance with the historical Rutgers method of identifying employees with State-paid fringe benefits.
4. Entries corresponding to #1, #2 and #3 will be made for employees paid via Banner for the period July 1, 2016 through October 7, 2016, at the [new FY17 fringe benefit rates](#).

Retroactive and Year-to-Date Correction Entries

5. The [new FY17 fringe benefit rates](#) will be applied retroactively:
 - o to July 1, 2016 for employees paid via PeopleSoft prior to the October 2016 implementation
 - o to October 8, 2016 for employees paid via Banner prior to the October 2016 implementation.

This will result in additional fringe benefit charges being recorded in the general ledger and Projects sub-ledger.

6. The temporary entries that posted an estimate of 1Q FY17 fringe expense, and an estimated FY17 YTD State-paid fringe revenue, based on unit budgets, will be reversed.
7. An entry will be made to credit the units with State-paid fringe benefit revenue for the period October 8, 2016 to March 30, 2017 using the new methodology of managing State-paid fringe benefits.

If you have questions about these entries, please contact the Division of Cost Analysis and Compliance at costgrp@finance.rutgers.edu.

Regards,

Kathy Dettloff, Vice President, Financial Planning and Budgeting
Richard Aks, Vice President for Finance and Associate Treasurer
Terri Kinzy, PhD, Vice President for Research