

April 11, 2011

**MEMORANDUM**

**TO:** Deans, Directors and Department Heads

**FROM:** Stephen W. Keto  
Associate Vice Chancellor for Finance and Resource Management

**SUBJECT:** Special Benefits Rates

Special benefits rates are applied to all projects to provide funds to pay for the following: workers' compensation payments, unemployment self-insurance payments, disability payments and employee assistance program, as well as administrative charges for workers' compensation and NC Flex. On a monthly basis, the special benefits rates are automatically charged to the salary expenditures of each project.

In addition to the above costs, the special benefits rate used for Contracts and Grants projects (ledger 5) accommodates severance and terminal (annual and bonus) leave payouts which are not allowable on most contracts or grants. For positions paid from Contracts and Grants projects, the position must have been paid from Contract and Grant funds for the last consecutive 12 months. Reallocations cannot be used to meet the time requirement. If the employee does not qualify for payment of these costs out of the Special Benefit Pool for Contracts and Grants, another project ID other than ledger 5 must be used.

The university level projects that pool these funds are analyzed periodically to assure sufficient cash flow to meet anticipated costs. Based on our recent analysis and projected future needs, effective July 1, 2011 the special benefits rates are as follows:

|  | <u>Rate</u> | <u>Change</u>          |
|--|-------------|------------------------|
| Academic Affairs (16030)                       | 0.90%       | 0.25 increase          |
| Agricultural Research (16031)                  | 0.60%       | no change              |
| Cooperative Extension (16032)                  | 0.70%       | 0.15 increase          |
| Non-State Funded Projects (excluding ledger 5) | 1.60%       | 0.50 increase          |
| Contracts and Grants (ledger 5)                | 1.10%       | no change at this time |

The increases in the rates are driven by higher unemployment insurance and workers' compensation payments.

A contract and grant rate of 0.60% has been requested for ledger 5 activity. This decrease is pending the U.S. Department of Health and Human Services (USDHHS) approval and may not be charged under any circumstances until a new rate agreement has been signed by NC State and USDHHS. We will notify you of any rate changes as soon as possible after the negotiation process is complete.

If you have any questions concerning these rates, please contact Barbara Moses in the University Budget Office at 513-1263.

cc: W. Randolph Woodson, Chancellor  
Warwick A. Arden, Provost and Executive Vice Chancellor  
Terri L. Lomax, Vice Chancellor for Research  
Charles D. Leffler, Vice Chancellor for Finance and Business