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MEMORANDUM

To: Chief Fiscal Officers
From: Kristin Lacroix, Assistant Comptroller
Date: March 26, 2026
Subject: Approved Fiscal Year 2026 Fringe Benefit and Payroll Tax Rates

Office of the Comptroller Fiscal Year Memo FY#2026-13

Executive Summary

The purpose of this memo is to notify departments of the federally approved fringe benefit and payroll tax rates for Fiscal Year 2026. The U.S. Department of Health and Human Services has approved the fringe benefit rate of 35.60% for general employees and 50.83% for uniformed employees and a payroll tax rate of 2.21%.

[Comptroller Memo FY2026-01](#), dated March 14, 2025, advised departments that fringe benefit rates of 35.60% for general employees and 50.83% for uniformed employees and a payroll tax rate of 2.21% had been submitted to the U.S. Department of Health and Human Services for approval. The early notice was to assist departments in planning for Fiscal Year 2026. The U.S. Department of Health and Human Services has approved fringe rates of 35.60% for general employees and 50.83% for uniformed employees and a payroll tax rate of 2.21%.

These rates have 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. Please see [Administrative Bulletin ANF #5](#).

The components of the fringe benefit and payroll tax rates are available on the attached Rate Chart – Fiscal Year 2026 Fringe and Payroll Tax Rates -- Approved.

Please note, the fringe benefit rate is applicable to 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. c. 29, § 5D, and the “6B” rate used to assess fringe benefit costs on federally supported programs pursuant to M.G.L. c. 29, §6B. The rate is applied to salaries expended under object codes A01, A07, A09 and AA1.

Comptroller Memo FY2026-13 2026 Approved Fringe Benefit and Payroll Tax Rates
March 26, 2026

The costs associated with terminal leave salaries are allocated through the fringe benefit rate.

Therefore, A12, Sick-Leave Buy Back; A13, Vacation-in-Lieu; and A21, Payments for Deceased Employees object code expenditures may not be claimed as direct costs on federally supported programs whether incurred on federal grants, contracts, or state appropriations subject to federal reimbursement.

The payroll tax rate is applicable to all account types for unemployment, universal health insurance, respectively, and Medicare insurance. The rate is applied to regular and contract employees and is assessed to all AA and CC object codes, except A75, A90, C33, C75, C90, C98 and CC5.

The Paid Family and Medical Leave (PFML) assessment will be applied to the same object codes as other payroll taxes, with identical exceptions, but each individual employee's earnings will be assessed only up to the contribution and benefit base established for the Social Security Administration's (SSA) Federal Old-Age, Survivors, and Disability Insurance program. All fringe benefit and payroll tax assessments determined by these rates will be charged to object code D09 at the close of each accounting period.

Please note that certain expenditures made under Interdepartmental Service Agreements (ISAs) may trigger the assessment of fringe benefit and payroll tax costs to the ISA child account. Buyer and Seller Departments are responsible for ensuring that these amounts are adequately funded in the ISA and identified in the ISA budget.

Please direct any questions regarding this memo on the approved fringe and payroll rates to Jessie Zuberek at jessie.zuberek@mass.gov.

Enc. Fiscal Year 2026 Fringe Agreement
Rate Chart – Fiscal Year 2026 Fringe and Payroll Tax Rates -- Approved

cc: Mosaic Liaisons
Payroll Directors
General Counsels
Internal Distribution



February 23, 2026

Kristin Lacroix
Chief Accounting Officer/Assistant Comptroller
Office of the Comptroller
Commonwealth of Massachusetts
One Ashburton Place, 9th Floor
Boston, Massachusetts 02108

Dear Ms. Lacroix:

Your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2026. The proposal, based on actual costs for the year ended June 30, 2024, provided for three rates, i.e., 35.60% applicable to all regular employees except "uniformed" employees (justices, police, corrections, and parole officers), and 50.83% applicable to uniformed employees. These rates include the costs for Group Insurance, Retirement, and Terminal Leave. The third rate of 2.21% is applicable to all regular, uniformed and contractual employees for the costs of Unemployment Insurance, Employer Medical Assistance Contribution, Medicare Tax and Paid Family Medical Leave.

Based on our review of your proposal, fixed rates of 35.60% (Group Insurance – 16.99%, Retirement – 17.60%, Terminal Leave – 1.01%), and 50.83% (Group Insurance – 16.99%, Retirement – 32.83%, Terminal Leave – 1.01%) for regular and uniformed employees, respectively, and the additional rate of 2.21% (Unemployment Insurance - 0.30%, Employer Medical Assistance Contribution – 0.06%, Medicare Tax – 1.36%, Paid Family and Medical Leave – 0.49%) are approved covering the period July 1, 2025 through June 30, 2026.

Fixed rates for FYE 06/30/2026 for regular and uniformed employees includes combined final carry forward of the following:

Retirement – Regular Employees:	\$53,075,024 (Over-Recovery)
Retirement – Uniformed Employees:	\$17,787,559 (Over-Recovery)
Group Insurance:	\$196,571,994(Over-Recovery)
Terminal Leave:	\$8,412,791 (Over-Recovery)
Medicare Tax:	\$532,007 (Under-Recovery)
Unemployment Insurance:	\$10,412,837 (Under-Recovery)
Employer Medical Assistance Contribution:	\$220,779 (Over-Recovery)
Paid Family & Medical Leave:	\$4,230,645 (Under-Recovery)

This approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate. Your next proposal based on actual costs for the fiscal year ending June 30, 2025, must be submitted to our office by December 31, 2025.

Cost Allocation Services has a new system named Indirect Cost Allocation System (ICAS) that will replace our resource mailbox for accepting indirect cost proposals. Please use the following link to submit your next indirect cost rate proposals: <http://portal.icas.hhs.gov>. All future certifications and transmittal letters will be signed and transmitted within the new system using DocuSign.

In addition, please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and **email** back to this office.

Sincerely,

Olulola O. Oluborode -S
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Digitally signed
by Olulola O.
Oluborode -S
Date: 2026.03.15
11:35:26 -04'00'

Olulola Oluborode
Acting Director
Cost Allocation Services

Concurrence:

KM Lacroix
Signature

Kristin M. Lacroix
Name

Assistant Comptroller
Title

16 March 2026
Date

Approved

COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE COMPTROLLER

PROPOSED FY2026 FRINGE BENEFIT RATE BASED ON FY2024 ACTUAL COSTS FOR ROLL FORWARD

Fringe Benefit and Payroll Tax Rate Summary

	General Employee	Uniformed Employee	Salaries Subject to Assessment
Group Insurance.....	16.99%	16.99%	A01, A07, A09, AA1
Retirement.....	17.60%	32.83%	A01, A07, A09, AA1
Terminal Leave.....	1.01%	1.01%	A01, A07, A09, AA1
Total Fringe Benefit Rate.....	35.60%	50.83%	Applicable to Regular and Uniformed Employees
Unemployment Insurance.....	0.30%	0.30%	AA & CC*
EMAC Universal Health Insurance	0.06%	0.06%	AA & CC*
Medicare Tax.....	1.36%	1.36%	AA & CC*
Paid Family & Medical Leave	0.49%	0.49%	AA & CC*
Total Payroll Tax Rate.....	2.21%	2.21%	Applicable to Regular, Uniformed, and Contract Employees *Some Exceptions

Rates represent both the "6B" rate mandated by M.G.L. C.29, s.6B and applicable to federal grants, federally funded contracts, and claims for federal reimbursements; and the "5D" rate mandated by M.G.L. C.29, s.5D and applicable to non-budgetary accounts and budgetary funds. See Executive Office of Administration and Finance Administrative Bulletin A&F5, dated May 1, 2008, entitled, Fringe Benefits, Payroll Taxes and Indirect Costs.

Group Insurance, Retirement and Terminal Leave rates apply only to regular employees and are assessed against object codes A01, A07, A09 and AA1 to determine these fringe benefit costs.

Unemployment Insurance, Universal Health Insurance, Medicare Tax and Paid Family Leave rates apply to regular and contract employees and are assessed to all AA and CC object codes with the exception of A75, A90, CC5, C33, C75, C90, and C98. These rates will be used to assess costs on all account types.

The General Employee rates are applicable to all contract employees and regular employees other than uniformed employees.

The Uniformed Employee rates are applicable only to judges, the uniformed employees of Sheriffs Departments, POL, DOC, ENV, prosecutors in the District Attorneys Offices, state firefighters (DCR), parole officers (PAR), investigators of ABCC and DOR, and other employees under Retirement Groups 3 and 4.