



WILLIAM McNAMARA
COMPTROLLER

Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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MEMORANDUM

To: Chief Fiscal Officers

From: Howard Merkowitz, Deputy Comptroller

Date: August 9, 2021

Subject: Approved Fiscal Year 2022 Fringe Benefit and Payroll Tax Rates

Comptroller Memo FY2022-06

Executive Summary

The purpose of this memo is to notify departments of the approved fringe benefit and payroll tax rates for Fiscal Year 2022. The U.S. Department of Health and Human Services has approved the fringe rate of 37.46% and a payroll tax rate of 1.97%.

[Comptroller Memo FY2022-01](#), dated February 12, 2021, advised departments that a fringe benefit rate of 37.53% and a payroll tax rate of 1.97% 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 2022. The U.S. Department of Health and Human Services has approved the fringe rate of 37.46% and a payroll tax rate of 1.97%.

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 following components comprise the approved Fiscal Year 2022 fringe benefit rate:

Group Insurance	20.25%
Retirement	16.11%
Terminal Leave	<u>1.10%</u>
Total	37.46%

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

Because the costs of terminal leave salaries are allocated through the fringe benefit rate, A12, Sick-Leave Buy Back; A13, Vacation-in-Lieu; and A21, Payments for Deceased Employees object code expenditures may not also be claimed as direct costs on federally supported programs whether incurred on Federal grants, contracts or state appropriations subject to Federal reimbursement.

The following components comprise the approved Fiscal Year 2022 payroll tax and assessments rate:

Unemployment	0.16%
Universal Health	0.02%
Medicare	1.43%
Paid Family and Medical Leave (PFML)	<u>0.36%</u>
Total	1.97%

This rate is applicable to all account types pursuant to M.G.L. Chapter 151A, Sections 14C and 14G for unemployment and universal health insurance, respectively, and M.G.L. Chapter 7A, Sections 3, 7 and 8 for Medicare insurance. These rates are applied to regular and contract employees and is assessed to all AA and CC object codes with the exception of A75, A90, CC5, C33, C75, C90, and C98.

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, which is \$142,800 for calendar year 2021.

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 and both the Buyer and Seller Departments are responsible for ensuring that these amounts are adequately funded in the ISA and identified in the ISA budget.

Questions regarding this memo’s rates may be directed to Kristin Lacroix at 617-973-2680.

Comptroller Memo FY2022-06
Fiscal Year 2022 Approved Fringe Benefit and Payroll Tax Rates, 2021
August 9, 2021
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Enc. Fiscal Year 2022 Fringe Agreement
Rate Chart – Fiscal Year 2022 Fringe Rates -- Approved

cc: MMARS Liaisons
Payroll Directors
General Counsels
Internal Distribution



26 Federal Plaza, Room 3412
New York, NY 10278
PHONE: (212) 264-2069
FAX: (212) 264-5478
EMAIL: CAS-NY@psc.hhs.gov

August 2, 2021

Mr. William McNamara
Comptroller
The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, MA 02108

Dear Mr. McNamara:

By letter dated February 5, 2021, your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2022. The proposal, based on actual costs for the year ended June 30, 2019, provided for three rates, i.e., 37.53% applicable to all regular employees except “uniformed” employees (justices, police, corrections, and parole officers), and 48.65% applicable to uniformed employees. These rates include the costs for Group Insurance, Retirement, and Terminal Leave. The third rate of 1.97% 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 37.46% (Group Insurance – 20.25%, Retirement – 16.11%, Terminal Leave – 1.10%), and 48.58% (Group Insurance – 20.25%, Retirement – 27.23%, Terminal Leave – 1.10%) for regular and uniformed employees, respectively, and the additional rate of 1.97% (Unemployment Insurance - 0.16%, Employer Medical Assistance Contribution – 0.02%, Medicare Tax – 1.43%, Paid Family and Medical Leave – 0.36%) are approved covering the period July 1, 2021 through June 30, 2022.

Fixed rates for FYE 06/30/2022 for regular and uniformed employees includes combined final carry forward of over-recovery amounting to Group Insurance: \$107,093,433, Unemployment Insurance: \$2,801,490, Employer Medical Assistance Contribution: \$3,739,940, and Paid Family and Medical Leave: \$1,046,010, and under-recovery amounting to Terminal Leave: \$499,069 and Medicare Tax: \$2,817,785. Rates applicable to Retirement include final carry forward of over-recovery amounting to \$9,812,403 and under-recovery amounting to \$1,263 for regular and uniformed employees respectively.

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. In addition, this approval is subject to the following conditions with respect to the submission of your next proposal based on actual costs for the fiscal year ending June 30, 2021, which must be submitted by December 31, 2021:

1. The Salary and Wage (S&W) base will include a reconciliation of the amounts per the

Approved

COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE COMPTROLLER

PROPOSED FY2022 FRINGE BENEFIT RATE BASED ON FY2020 ACTUAL COSTS FOR ROLL FORWARD

Fringe Benefit and Payroll Tax Rate Summary

	General Employee	Uniformed Employee	Salaries Subject to Assessment
Group Insurance.....	20.25%	20.25%	A01, A07, A09, AA1
Retirement.....	16.11%	27.23%	A01, A07, A09, AA1
Terminal Leave.....	1.10%	1.10%	A01, A07, A09, AA1
Total Fringe Benefit Rate.....	37.46%	48.58%	Applicable to Regular and Uniformed Employees
Unemployment Insurance.....	0.16%	0.16%	AA & CC*
EMAC Universal Health Insurance.....	0.02%	0.02%	AA & CC*
Medicare Tax.....	1.43%	1.43%	AA & CC*
Paid Family & Medical Leave	0.36%	0.36%	AA & CC*
Total Payroll Tax Rate.....	1.97%	1.97%	Applicable to Regular, Uniformed, and Contract Employees *Exceptions noted below

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.

payroll systems with the amounts reflected in MMARS, which is the basis of the submission.

- 2. With respect to the Retirement component, the Commonwealth will submit all actuarial, GASB 68 and financial reports prepared, whether they relate to payments to the pension system or actuarially determined amounts.
- 3. With respect to the Group Insurance component:
 - a. Provide copies of Financial Statements, including expense details, covering the:
 - (1) Rate Stabilization Reserve
 - (2) State Employees' Trust Fund
 - (3) Employee Withholding Trust Fund
 - (4) State Retiree Benefits Trust Fund
 - b. If expenditures noted above are included in the FB proposal, provide a justification.

Your proposal and relevant correspondence should be submitted electronically at the following email address: CAS-NY@psc.hhs.gov.

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. If you have any questions, please contact my office at (212) 264-2069.

Sincerely,

Darryl W. Mayes -S

Darryl W. Mayes
Deputy Director
Cost Allocation Services

Digitally signed by Darryl W. Mayes -S
DN: c=US, o=U.S. Government,
ou=HHS, ou=PSC, ou=People,
0.9.2342.19200300.100.1.1=20001316
69, cn=Darryl W. Mayes -S
Date: 2021.08.05 07:33:11 -04'00'

Concurrence:

Name

Title

Date