LOUISIANA STATE UNIVERSITY

Finance & Administrative Services

May 9, 2007

To: Chancellor O'Keefe
Chancellor Richardson
Executive Director Bouchard
Deans, Directors, and Department Heads

Re: Fringe Benefit Rates Applied to Sponsored Projects during FY 2007-08

Fringe benefits rates have been established for next fiscal year pursuant to the requirements of the Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions." The rates effective for July 1, 2007 through June 30, 2008 are as follows:

Louisiana State University, including the Pennington Biomedical Research Center	
Regular employees	32.00%
Contingent labor/transients (object 1220/1250)	7.65%
Non-student employees with "F" or "J" visa* (object 1100)	0.00%
LSU Agricultural Center	
Regular employees	32.00%
Federal employees	27.00%
Contingent labor/transients (object 1220/1250)	7.65%
Non-student employees with "F" or "J" visa (object 1100)	0.00%

These rates are effective for all new awards dated July 1, 2007 and thereafter. Consequently, effective immediately, the new rates must be applied to all new proposals for projects with a beginning date of July, 2007 and thereafter. The new rates must also be applied to requests for new, supplemental funding to existing awards. These increased fringe benefit rates will **also** apply to all existing gift accounts and to all expired fixed price agreements effective July 1, 2007.

Effective July 1, 2008, LSU will change its fringe benefit policy such that the rates established annually will apply to all sponsored program accounts (i.e., both new and existing accounts). Given historical increases in fringe benefit costs, we anticipate that the rates for regular employees effective July 1, 2008 will likely increase to 34%. For several years beyond fiscal 2008-09, potential increases of 1% per year may be experienced. Thus, all new multi-year proposals should budget accordingly for such anticipated increases in fringe benefit rates. Please note that this policy change effective July 1, 2008 applies only to LSU. It does **not** apply to the Pennington Biomedical Research Center or to the LSU Agricultural Center.

If clarification or additional information is needed, please contact Jim Bates, LSU (578-3386); Mark Legendre, LSUAC (578-4164); or Ralph Underwood, PBRC (763-2515).

Jerry J. Baudin
Vice Chancellor for Finance and Administrative Services
and Comptroller

Brooks Keel
Vice Chancellor for Research
and Economic Development

*excluding PBRC (rate is 32.00%)

xc: Interim Provost and Executive Vice Chancellor Silverman, Mr. Ralph Underwood, Mr. Mark Legendre, Ms. Donna Torres, Mr. Jim Bates, Ms. Patricia Territo, ASP Members