

Special Fringe Benefit Pools

Background:

The fringe benefits pools originated as a way of handling exceptionally large claims for workers compensation against departments without the reserves or resources to support the payments in a single fiscal year. By pooling funds regularly and proportionately from every department, the University is better able to insure the availability of funding to cover these types of payments, and no individual department is burdened too heavily by large claims.

Periodically, the Budget Office evaluates the fringe benefits pools. Current balances and historical expenditures along with information on large pending claims are used to determine the continued solvency of the pools. A recommendation is made in the spring on the appropriate contribution rate for each pool for the next fiscal year. Once the rates are approved by the Administration, campus is notified of the rates via a 3-D memo.

Billing Process:

Each month, after all payrolls have fed to the accounting system, Accounting runs a job which reads all the expenditures for each project where accounts (objects) are from 51100 to 51499 (which includes 511XX, 512XX, 513XX, or 514XX). The program calculates the appropriate contribution amounts based on the attributes of each project and its corresponding contribution rate. The contributions are moved from the projects to the pools as expenses (debits) to each project's 51891 account and a negative expense (credit) to the appropriate fringe benefits pool's 51891 account.

Attributes:

All fringe benefits pool projects are in OUC 886601.

Fund 16030 (projects 201000 through 249999 and 301000 through 349999)
→ **Project 224866** (*cash balance should be zero at start of fiscal year*)

Fund 16031 (projects 400000 through 439999)
→ **Project 439950** (*cash balance should be zero at start of fiscal year*)

Fund 16032 (projects 440000 through 499999)
→ **Project 499950** (*cash balance should be zero at start of fiscal year*)

Contracts and Grants (projects 500000 through 599999)
→ **Project 376805** (*cash balance carries-over from year to year*)

Trust Funds other than C&G (250000 through 299999, 350000 through 399999, 600000 through 699999, 700000 through 799999, and 900000 through 991799*)
→ **Project 376803** (*cash balance carries-over from year to year*)

* Projects 991800 through 991900 are county trust funds and are exempt from making fringe benefit pool contributions to this pool. There is a separate benefit pool project 385742 for County Operations Unemployment Compensation only. It does not cover any other expenses at this time.

Payments:

Accounts that are regularly paid from the fringe benefits pool projects are:

- 51550 – unemployment compensation (the University is self insured),
 - 51561 – workers compensation medical benefits,
 - 51563 – workers compensation temporary disability benefits,
 - 51565 – workers compensation partial disability benefits,
 - 51581 – disability benefits – short term,
 - 51582 – disability benefits - extended short-term
 - 51595 – employee assistance program,
 - 58297 – transfers to OSC-DCAP (NC Flex FICA Savings),
 - 58481, 58482, 58483, 58484 – administrative charges for workers compensation.
- (Other charges will qualify on an irregular basis.)

In the case of contracts and grants (ledger 5), based on the source of funds at the time the employee is terminated, the fringe benefits pool also supports severance pay and terminal (annual and bonus) leave payments, which are not allowable payments on most contracts and 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 ability to set these rates and to establish this program had to be approved by the federal authority that controls the University's contracts and grants. They have to approve all charges to contracts and grants as well as all other charges to accounts that may be involved in cost sharing or any other relationship with contracts and grants. This approval is in place and would need to be secured again if any changes are made to the fringe benefits pool process. The fringe rate proposal for the ledger 5 pool is due to the US Department of Health and Human Services by December 31st of each year unless an extension is requested.

The appropriate pool to distribute unemployment, workers compensation and short-term disability payments is determined by the salary distribution of the employee at the time of the claim. The exception to this would be the county trust programs noted previously – projects in the range of 991800 through 991900. Due to the agreement with the counties, the source of funds for workers compensation and short-term disability payments or percentage of payments applicable to these projects have to be determined by the County Operations Section of the College of Agriculture and Life Sciences.