March 8, 2006

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

Re: Fringe Benefit Rates Applied to Sponsored Projects during FY 2006-07

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 the period July 1, 2006 through June 30, 2007 are as follows:

Louisiana State University, including the Pennington Biomedical Research Center
   Regular employees 30.00%
   Contingent labor/transients (object 1220/1250) 7.65%
   Non-student employees with "F" or "J" visa* (object 1100) 0.00%
   Employee subject fees (object 1020) 0.00%

LSU Agricultural Center
   Regular employees 30.00%
   Federal employees 25.00%
   Contingent labor/transients (object 1220/1250) 7.65%
   Non-student employees with "F" or "J" visa (object 1100) 0.00%
   Employee subject fees (object 1020) 0.00%

These rates are effective for all proposals dated July 1 and thereafter. The rates have increased from last year for LSU regular employees, LSUAC regular employees, and LSUAC federal employees. The University has maintained a policy of not applying new fringe benefit rates to existing projects, and this will continue in FY 2006-07. However, this policy has resulted in substantial under recoveries of fringe benefits from our sponsored programs. Thus, to significantly reduce these under recoveries, the rates must be increased. These new rates should be included in all requests for new funding.

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

*excluding PBRC (rate is 30.00%)

xc: Vice Chancellor Silverman
    Ms. Donna Torres
    Mr. Ralph Underwood
    Ms. Patricia Territo
    Mr. Mark Legendre
    ASP Members