

## A Partial Explanation of *Other Payroll Expenses* at Oregon State University (OSU)

Other Payroll Expenses (OPE) are health insurance, retirement funds (PERS – Public Employee Retirement System), worker’s compensation, unemployment insurance, etc. Medical insurance costs are provided on a flat rate basis. Anytime an individual works half time or more (0.50 FTE – full time equivalent), the full medical insurance monthly charge is assessed. Other OPE expenses are on a percentage basis and only charged against the actual dollar value of the time worked.

PERS expenses for employees hired before Aug 29, 2003 are more than for those hired on or after that date, hence there is a difference in the percentage charge for these individuals.

The tables below show OPE expenses for unclassified employees. Most of the salaries that will appear in commission budgets will be for faculty members who are generating some of their own salary or for faculty research assistants (FRA). These people are unclassified employees.

Student pay may also be requested in budgets. General guidance from OSU Human Resources is to charge 5% OPE on student pay. There are small medical, workman’s compensation, and other payroll taxes depending on the number of hours worked.

Additional details can be found at <http://fa.oregonstate.edu/budget/budget-development-resources>  
Tables like those below for less than half-time employees and classified employees can be found at this site.

Some calculation examples are shown on the next page

### 2016-17 Projections for 0.50 FTE or higher, unclassified positions

<b>Before 08-29-03</b>			<b>08-29-03 and after</b>		
	Other OPE	Medical		Other OPE	Medical
	%	\$ charge		%	\$ charge
July	33.61%	1,271.86	July	25.59%	1,271.86
Aug	33.61%	1,271.86	Aug	25.59%	1,271.86
Sept	33.61%	1,271.86	Sept	25.59%	1,271.86
Oct	33.61%	1,271.86	Oct	25.59%	1,271.86
Nov	33.61%	1,271.86	Nov	25.59%	1,271.86
Dec	33.61%	1,334.86	Dec	25.59%	1,334.86
Jan	33.61%	1,334.86	Jan	25.59%	1,334.86
Feb	33.61%	1,334.86	Feb	25.59%	1,334.86
Mar	33.61%	1,334.86	Mar	25.59%	1,334.86
Apr	33.61%	1,334.86	Apr	25.59%	1,334.86
May	33.61%	1,334.86	May	25.59%	1,334.86
Jun	33.61%	1,334.86	Jun	25.59%	1,334.86
<b>Average</b>	<b>33.61%</b>	<b>1,308.61</b>	<b>Average</b>	<b>25.59%</b>	<b>1,308.61</b>
<b>Annual Medical Total</b>		<b>\$ 15,703.32</b>	<b>Annual Medical Total</b>		<b>\$ 15,703.32</b>

## Some Examples

1. FRA was hired before 08-29-03, is being paid \$35,000 per year, and is working full time. Your commission is being asked to pay two month's salary out of twelve months
  - a.  $(\$35,000/12) \times 2 = \text{salary} = 5833.34$
  - b. Medical insurance =  $\$1308.61 \times 2 = 2617.22$
  - c. Other OPE =  $5833.34 \times 0.3361 = 1960.58$
  - d. Total salary and OPE =  $5833.34+2617.22+1960.58 = 10411.14$
  - e. OPE on a percentage of salary basis =  $(2617.22+1960.58)/5833.34 = 78.5\%$
  
2. FRA was hired after 08-29-03, is being paid \$35,000 per year, and is working full time. Your commission is being asked to pay two month's salary out of twelve months
  - a.  $(\$35,000/12) \times 2 = \text{salary} = 5833.34$
  - b. Medical insurance =  $\$1308.61 \times 2 = 2617.22$
  - c. Other OPE =  $5833.34 \times 0.2559 = 1492.75$
  - d. Total salary and OPE =  $5833.34+2617.22+1492.75 = 9943.31$
  - e. OPE on a percentage basis =  $(2617.22+1492.75)/ 5833.34 = 70.5\%$
  
3. FRA was hired after 08-29-03, is being paid \$55,000 per year, and is working full time. Your commission is being asked to pay two month's salary out of twelve months
  - a.  $(\$55,000/12) \times 2 = \text{salary} = 9166.67$
  - b. Medical insurance =  $\$1308.61 \times 2 = 2617.22$
  - c. Other OPE =  $9166.67 \times 0.2559 = 2345.75$
  - d. Total salary and OPE =  $9166.67+2617.22+2345.75 = 14,129.64$
  - e. OPE on a percentage basis =  $(2617.22+2345.75)/ 9166.67 = 54.1\%$
  
4. As in #2 above, FRA was hired after 08-29-03, is being paid at a full-time equivalent rate of \$35,000 per year, but is working just half time. Your commission is being asked to pay four month's salary (equivalent to the two months of full time work in the examples above)
  - a.  $(\$35,000/12) \times 0.50 \text{ FTE} \times 4 = \text{salary} = 5833.34$
  - b. Medical insurance =  $\$1308.61 \times 4 = 5234.44$  (full monthly cost must be covered)
  - c. Other OPE =  $5833.34 \times 0.2559 = 1492.75$
  - d. Total salary and OPE =  $5833.34+5234.44+1492.75 = 12,560.53$
  - e. OPE on a percentage basis =  $(5234.44+1492.75)/ 5833.34 = 115.3\%$

Bottom line – you will see different OPE rates, sometimes dramatically different, in proposals depending on the hire date, salary level, and position type (part or full time) of the person for whom salary is being requested.