

## Explanation for benefits rates posted on ORPA rate sheet vs. OFT website July 2015

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Employee benefits rates are posted in two places: the ORPA rate sheet and the Office of Finance and Treasury (OFT) website.

As it has typically been the case, the projected rates shown on the two sites do not agree, due to the fact that ORPA lists the approved rate and the provisional rates (for the two out years) that have been approved by our cognizant negotiating agency, the Department of Health and Human Services. These are the only rates that federal sponsoring agencies will recognize and accept with our proposed budget and award acceptance.

Each spring, the Budget Office requests approval for a billing rate from DHHS for the next fiscal year beginning July 1<sup>st</sup>. Our proposal includes projected rates for the billing year and for two out-years beyond the billing year (provisional rate). When DHHS approves the billing rate, they also approve a provisional billing rate for the two out-years. The provisional rate will only be used if we are unable to reach agreement on an approved billing rate for that year.

The rates posted on the OFT site reflect our most current projections (not the provisional rates), including the impact of projected ending balances that carry forward into future years. DHHS relies on actual ending balances and will not approve rates based on projected ending balances, which is one reason why the federal provisional rate differs from the OFT projected rates. For example, the FY2016 provisional rate posted on the ORPA rate sheet is 33.5%. We have requested an actual rate of 34.8%. Once that proposal has been approved, we will update both sites. At that point, our sites will agree on FY16 rates but will continue to differ for FY17 and beyond.