

10 Instructions for Using the Benefits Worksheet

This Excel worksheet is a demonstration tool to show disaster cost recovery team members how to calculate fringe benefits, which are reimbursable under the Public Assistance program for certain straight time and overtime hours worked. Fringe benefits are also applicable for all volunteer hours worked in disaster emergency operations as part of the local cost share. Volunteer hours can be worth hundreds of thousands and even millions of dollars when properly tracked.

In public agencies, fringe benefits make up a large part of the total wage and benefit budget for straight or regular time and therefore it is important to understand how to calculate fringe benefits and include them in the requests for reimbursement.

Often the fringe benefit rates will be calculated by and transferred from the payroll department, however, it is useful for disaster cost recovery team members to understand the process, particularly if a project is being audited by the Inspector General's office.

This spreadsheet follows the convention that data cannot be entered in the blue shaded cells. This spreadsheet also has cells that are yellow shaded. The yellow shaded column indicates benefits that may be accrued on a monthly basis.

It is important to only enter data in one of the three columns ("C", "D", or "E"). If data is entered into two or more columns in the same row, then the calculated cells in columns "F" and "G" will turn red to indicate an error.

Another safety check occurs in cells C3, C4 and H1. If an hourly pay rate (cell C3) is entered and a monthly pay rate (cell C4) is entered, those cells and cell H1 will all turn red to indicate an error in data entry. Only one basis of pay can be used to calculate benefits, either hourly, monthly or annually. All calculations are identical with either method. For instance an hourly pay rate of \$25.00 is equal to a monthly salary of \$4,333.25 or an annual salary of \$52,000.00.

Fringe benefit rates can be calculated as accrued by the hour, by the month, or annually. In rows 6 through 20 and again in rows 24 through 26, enter data in only one of the three columns to avoid mis-calculations.

The fringe benefits are listed in the various bargaining unit MOU's or in the agency's salary resolution. Refer to these documents to determine how much of a certain benefit is accrued and the frequency of accrual, hourly, monthly or annually.

At the bottom of the spreadsheet are three lines of information that form the basis for all

Copyright (c) 2013 by The Martinet Group. LLC

the benefit calculations. In a calendar work year, there are 2080 hours, 40 hours per week for 52 weeks. Dividing the 2080 hours by 12 months, yields 173.33 hours per average month, and dividing 52 weeks by 12 months, yields 4.33 weeks per average month. These numbers form the basis for benefit calculations. A benefit paid at \$1.00 per hour is equal to a benefit of \$173.33 per month, or \$2,080.00 per year.

Using the spreadsheet is easy and straight forward. Enter benefits earned on an hourly basis in column "C," benefits earned on a monthly basis in column "D" and benefits earned on an annual basis in column "E." The spreadsheet will perform the calculations and express the value of the benefit both as a percent of the hourly wage and as a dollar cost per hour, whether the benefit is earned on an hourly, monthly or annual basis. This is how FEMA requires us to express the value of the benefit, on the basis of hourly pay, even if a worker is paid on a monthly salary basis.

For retirement, the benefit is not calculated on an hourly or annual basis, but as a straight percentage of dollars earned.

Vacation, sick leave and holiday pay, can be calculated on either an hourly, monthly or annual basis, but obviously on only one of the three methods at a time. The same safety check that occurs for the Miscellaneous benefits being entered in two or more columns at a time will turn the cells in columns "F" and "G" red if data entry errors are made.

Taxes are always calculated on the basis of a percent of the hourly wages paid and therefore can only be entered in column "C."

This completes the data entry for the regular time benefits. The straight time benefit rate is shown in cell H1 and cell L35.

The calculations for overtime benefits are made the same way. However, there are far fewer benefits to be calculated. Most benefits are only accrued on the basis of regular time, or the first 40 hours worked in a week. There may be a few exceptions, such as shift differentials, hazard, language and longevity pay. However, some agencies may also only pay these benefits based on straight time only. Consult your specific MOU's for the details on how these benefits are paid.

The other payroll burden, as benefits are often called, are the taxes. The taxes go on regardless. So the tax rates are the only other costs attributable to the cost of reimbursable overtime benefits.

The overtime benefit rates are shown in cells M2 and L30. Cells L21, L24, and L27 show the numbers on which the benefit rates are based.

Copyright (c) 2013 by The Martinet Group. LLC

As you can see, the cost of overtime benefits are substantially lower than the cost of regular time benefits. When we are filing for benefit reimbursement we must use the correct benefit rate, usually the overtime rate, since in most cases, only the overtime hours are eligible for reimbursement. However, if straight time is reimbursable, we should apply the higher appropriate benefit rate.

Some agencies try to game the benefit reimbursement by basing their calculations on so called “hourly productive rates.” In this method they deduct for vacation, holidays and sick time and use the modified numbers to show higher benefit rates. FEMA is on to this ploy, and does not accept this methodology

For instance, taking 80 hours each of vacation, holiday and sick pay yields 240 hours. Subtracting this from the 2080 hour base year equals 1840 hours. 240 hours divided by 2080 equals 11.5% as a benefit rate for leave time. Dividing the same 240 hours of leave time by 1840 hours equals 13% as a benefit rate for leave time. On a million dollars of payroll, this is another \$15,000. However on this matter, the Federal government does not have a sense of humor, and both FEMA and the DHS auditors will call the local agency on this every time.

This spreadsheet gives the disaster cost recovery team a sense of how to properly calculate benefit rates, even though this will most often be done by the payroll staff and provided to the staff preparing the Force Account Labor Summary sheets. (FEMA Form 90-123)

Copyright (c) 2013 by The Martinet Group. LLC