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## Chico State Enterprises Announcements

### Friday, January 19, 2024

### CSE Fringe Benefit Rate Increases Effective January 1, 2024

Chico State Enterprises is increasing fringe benefit\* rates effective January 1, 2024, for reasons detailed below.

- Like many employers, CSE was recently notified by our medical health care providers of significant increases in health premium costs. We are seeing increases in some plans by as much as 25% effective January 1, 2024.
- In October 2023, Governor Gavin Newsom signed Senate Bill (SB) No. 616 into law amending California's paid sick leave law to expand mandatory paid sick leave from three days or twenty-four hours, to five days or forty hours. The additional paid sick leave amounts to a 60% increase in employer paid leave costs to all benefited employees. The increased paid sick leave requirement takes effect on January 1, 2024. While the state mandated the benefit, no funding was provided to cover its cost.
- Growth in the number of employees across CSE projects is up 47% in 2023, requiring a corresponding increase in employer 403b retirement contributions.

Because of the amounts and the combination of increases, CSE will need to take the unusual action to immediately increase our fringe benefit rate, without waiting until the start of the upcoming fiscal year as has been our practice in previous years. Effective January 1, 2024, fringe benefit rates for benefited and non-benefited employees will be increased as follows.

Employee type	Through 12/31/2023	Starting 1/1/2024
Benefited	47.00%	49.00%
Non-benefited	7.00%	8.80%

We recognize that this additional expense was not planned, nor was there advance notification to you of these additional expenses, as there was no advance notification to CSE. At this point we must take action to begin accurately capturing actual project costs being imposed by our providers and the state of California. The actual fringe benefit rate will be charged to the project when the expense is incurred, regardless of what rate is budgeted. It may be necessary to rebudget during the project period to pay for actual fringe benefit costs. For existing projects, please contact your Analyst to review the project budget for possible revisions.

For proposals, the fringe benefit rate chart has been revised and is available online as a [standalone chart](#) as well as in the [Budget Guidebook](#). For additional questions related to

proposal development, please contact [Julie Jessen](#). For questions pertaining to an active project, please contact your assigned CSE Analyst.

*\* The term “fringe benefits” refers to non-wage expenses paid by an employer on behalf of their employees. These expenses include benefit premium sharing, Social Security (OASI), Medicare and 403b employer retirement contributions, as well as assessments for Unemployment, Workers’ Compensation Insurance, vacation, holiday, and sick leave pay.*

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