Composite Benefit Rates Update
August 20, 2018

Agenda

• Introductions
• Background on CBRs
• Rates
• Tools and Resources
• CBR on Contracts & Grants
Presenters

- Martin Shumaker – Budget and Planning
- Michael McGrogan – Budget and Planning
- Lisa King – Electrical and Computer Engineering
- Alycia Lewis - Geography
- George Hopwood – Sponsored Projects
- Cora Diaz – Sponsored Projects

Background

What is a Composite Benefit Rate (CBR)?

- A CBR aggregates individual benefit components and costs across a given employee population and represents them as a percentage of payroll. This percentage becomes the benefit rate that is charged.
- Based on employee groupings, employer paid benefits are pooled, then charged at a single rate rather than the multiple charges currently assessed.
- The benefit of this method is that it simplifies budgeting, but disassociates real costs from what is charged to a department or fund source.
- CBR costs are allocated to a department using a single object code.
Background

**Composite Benefit Rates Do Not...**

- Change the campus cost of benefits; however, the pooling approach can shift expenses between departments and funds
- Change an employee’s eligibility for benefits
- Change an employee’s contribution to benefit programs

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**UC’s Decision to Use CBR:**

- System-wide CBR model approved by Chancellors in May 2014.
- All campuses to use CBR with the implementation of UCPath or earlier (UC Davis 2011, UC Berkeley 2012).
- UC defined Employee Groups (9) with campus option to create up to 4 “wild card” rates.
- Rates reviewed with UCOP and adjusted annually (roll forward balances).
Background

**Benefits included in CBR:**
- UC Contributions (Employer Paid) towards:
  - Medical, Dental and Vision Insurance
  - Medicare & OASDI taxes
  - Post-Employment Health Benefits
  - Pension & Other Retirement Contributions
  - Worker’s Compensation Insurance
  - Unemployment Insurance
  - Disability Insurance
  - Life Insurance
  - Benefits Administration

**Not included in CBR:**
- Accrued vacation leave (separate rate)
- UCRP interest expense (separate rate)
- Tuition remission
- Graduate Student Health Insurance
- General, Automotive, and Employee Insurance (GAEL)
- Other taxable income benefits not listed in inclusions

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**Composite Benefit Rates**

**Today**
- Actual benefits expenses charged: Multiple Object Codes

**Future (CBR)**
- Benefits charged at Pool Rate: Single Object Code
- Vacation Accrual charged at Pool Rate: Single Object Code
- UCRP Interest (Non-federal funds): Single Object Code
Analysis Overview

- Using 2016-17 actuals, Budget & Planning modeled a number of pooling scenarios looking to minimize the budget impacts between departments/funds.
- The option chosen was to use the 9 standard UC-defined rates, plus one campus “wild card” rate (*):
  - Faculty
  - Faculty Summer Salary
  - No Eligibility
  - Other Academic
  - Partial Benefit Eligibility
  - Post-Doc
  - Staff Exempt
  - Staff Non-Exempt
  - Student
  - *Police & Fire
- Estimated rates for each pool have been set and have been submitted to DHHS for approval (for both 2018-19 and 2019-20).

Leave Accrual and Interest Assessment

Vacation Leave Accrual:
- Vacation accrual will operate similar to the current process. (i.e. there will be a monthly assessment, credits will be applied when vacation is taken). The differences are in the methodology.
- There will be three rates and accruals will persist even when the employee is at their vacation maximum.
- Departments should continue to estimate leave as they do currently.

UCRP Interest Assessment:
- UCRP supplemental currently contains principal and interest for a UCRP loan.
- Going forward the interest portion will only be applied to Non-Federal funds. The principal portion will remain inside the UCRP supplemental benefit charge and applied via the CBR.
2018-19 Rates

- **Benefits (Pending Approval by DHHS)**
  - Faculty 35.24%
  - Faculty Summer Salary 9.94%
  - No Eligibility 4.25%
  - Other Academic 41.54%
  - Partial Benefit Eligibility 12.33%
  - Post-Doc 22.84%
  - Staff Exempt 44.88%
  - Staff Non-Exempt 58.06%
  - Student 1.91%
  - *Police & Fire 33.06%

- **Vacation Accrual**
  - Full Eligibility 8.61%
  - Fiscal Year Faculty 8.61%
  - No Eligibility 0.00%

- **UCRP Interest Assessment**
  - Federal fund sources 0.00%
  - Non-federal funds sources 0.65%

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Budgeting Tools

- The Budget Office website will have resources available to assist with budgeting employee benefits and links to additional information.
- Projections for out years will be provided on the website. If estimates are needed beyond a five-year window, please contact the Budget Office.
- A tool and additional resources will be available to assist in the determination of employee grouping and applicable rates.
- An FAQ's document will be maintained with regular updates

- **Website:**
  - [http://bap.ucsb.edu/budget/composite.benefit.rates/](http://bap.ucsb.edu/budget/composite.benefit.rates/)

- **Email questions to:**
  - [CBRINFO@ucsb.edu](mailto:CBRINFO@ucsb.edu)
CBR Employee Grouping Guide

CBR Live on All Contracts and Grants September 1

• CBR Applies to ALL Contracts and Grants – No Grandfathering at old rates
  - Active, Existing Awards
  - Proposals that become funded
  - New and Renewal Awards
  - Continuations and Supplements

• All benefits starting September 1 will be charged CBR

• Rebudgeting Approval may be required – Check your award terms & conditions
CBR on Contracts & Grants

• Starting September 1, 2018
  - New, Renewal, and Supplement proposals
  - Revised budgets
  - Budget using CBR, vacation accrual and UCRP interest on non-federal (watch for flow-through)
  - Revised budgets for proposals submitted with the old rates should be converted to CBR

Detailed Budget and Budget Justification

• Combine CBR, vacation accrual and UCRP interest, as applicable, as one line item each for project personnel
  - J. Doe, Project Scientist $81,100 @ 50.80% = $41,198

• Detail the make-up of the rate in the budget justification
  - J. Doe, Project Scientist 100% for 12 months at $6758 per month = $81,100. Fringe benefit rate of 50.80% is comprised of 41.54% CBR + 8.61% vacation leave accrual + .65% UCRP interest rate. (non-federal funding example)
Questions?

- Website:
  - http://bap.ucsb.edu/budget/composite.benefit.rates/

- Email questions to:
  - CBRINFO@ucsb.edu