Composite Benefits Rate

Frequently Asked Questions

Financial Planning & Analysis
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Consistent with the UCPath goals of standardizing processes and increasing efficiency, UCR must establish fringe benefit rates that are based on a percentage of an employee's salary according to Employee Groups that do not vary by individual employee benefit selections. These rates are commonly referred to as Composite Benefit Rates (CBRs). CBRs will be implemented in conjunction with the January payroll roll-out of UCPath.

Please find answers to some of the commonly asked CBR questions. As questions are received, this document will be updated.

If you have questions that are not addressed in this FAQ, please send a message to CBRINFO@ucr.edu.

General Questions

Q: **How are the composite rates calculated?**

A: Following federal regulations and the approved, systemwide CBR model, the rates are calculated by allocating a pool of composite benefit costs on the basis of institution-wide salaries and wages of the employees receiving the benefits. The pool of fringe benefits for a group of employees is divided by the total salaries of that group. The resulting rate is known as the CBR, and is applied against the total institutional base salary of the individuals.

Q: **Where are CBR employee classes defined and/or defined?**

A: As we migrate from our current system to UCPath, CBRs will be assigned to each employee and will be available in the campus' payroll and human resources data warehouses. Department staff will be able to access the rates for specific employees. We are currently in the process of migrating our monthly paid employees. Employees that are paid bi-weekly will be migrated in late December.

We also plan to extract data from those systems once they have been populated in order to develop a mapping table for quick reference. The mapping table will ultimately be available on the Sponsored Programs website.

Q: **What fringe benefit components are included in the composite rates?**

A: Benefits Administration, Dental, Disability, Employee Support Programs, FICA Tax, Incentive Award Programs, Life Insurance, Medical, Retiree Health, Retirement Benefits, Senior Management Supplement, Unemployment Insurance, Vision Benefits, Worker's Compensation

Q: **Are there certain benefit costs that are not included as part of the composite rates?**

A: Benefit costs for graduate student tuitions remissions and fees, vacation accruals, and incentive payments made to employees have been excluded from the CBR calculations and these costs will continue to be recovered by direct charging the funding sources.

Q: **How frequently are the composite rates reviewed and updated?**
A: In collaboration with UCOP, actual benefit costs incurred by the University will be reconciled with the amount charged using the composite benefit rates on an annual basis. Any over- or under-recovery will be adjusted in future year rates, similar to that of recharge activity. This may result in CBR's updating each fiscal year.

Q: **Must we use the new composite rates or can we use actual rates if we have them?**
A: Once composite benefit rates are implemented for January 2018 payroll, we cannot mix between charging actual costs and composite benefit rates.

Q: **How will benefits be charged to my FAU with the composite rates?**
A: The composite benefits rates represent the percentage of benefits that will be applied to the employee salary (**Salary x CBR %**). This amount will be charged to the account for fringe benefit costs regardless of the actual costs to the University.

Q: **Will the composite rates affect an employee's cost of/eligibility for benefits?**
A: No, the employee's cost and eligibility for benefits will not be affected when UCR transitions to this new structure (unless a change is made during open enrollment or there is a change to the appointment that affect benefits eligibility). This new structure only changes how fringe benefits are charged within the University.

Q: **Does the "Student" CBR apply to both undergraduate and graduate students?**
A: Yes, the "Student" CBR applies to both undergraduate and graduate students. Remember, fee remissions and GSHIP are not included in the CBR.

CBR Identification and Budgeting

Q: **How are the composite rates identified and how do I know which one to use?**
A: To identify the appropriate CBR, the following employee information is required: (1) employee class, (2) the eligibility configuration (BELI equivalent), (3) the fair labor standards act (FLSA) status, and, in a few instances, (4) job code.

Q: **Will there be a look-up table to help us to determine what current positions are associated with the groups & rates?**
A: The CBR rate for each employee will be available in both HRDW and SuperDOPE.

Q: **The composite rates seem high. Why is this?**
A: The new rates are based on FY2015-16 actual benefit expenses. The increases in the FY2017-18 rates are the result of increases in retirement benefits and retiree health benefits. The increase in the rate is not related to the adoption of composite rates, but a reflection of increased actual costs.

Q: **The composite rates seem low. For example, if an employee who had an actual benefits rate of 65% is now being assessed a rate of 45.5%, there is a shortage in what would be charged for benefits using the composite method versus benefits being charged on an actual basis. How is this handled?**

A: One of the advantages of moving to a composite benefits rate is that a department will no longer need to account or budget for benefit rates that are unique to each employee. This should make budgeting easier to manage because one would only need to manage the costs that will be charged through the fringe benefit rates. Any concerns with the wide variation of benefits for employees doing the same job is essentially eliminated.

Q: **If I am charged a composite rate that is different from my previous actual benefit costs, who will be responsible for the difference?**

A: Following the principle that implementation of CBRs should not positively or negatively affect an Organization, on core funds the campus will pull benefit savings centrally from Organizations that have realized a lower cost of benefits under CBRs. These funds will be reallocated to Organizations who have realized an overall increase in cost. Organizations will be responsible for making necessary adjustments to departmental budgets.

Please note, however, that if the difference is on a non-core fund, the department will be responsible for re-budgeting to cover the CBR costs.

Q: **What if an employee is eligible for full benefits, but is not appointed at 100% time?**

A: The benefit costs for an employee is the applicable rate multiplied by gross salary. If the appointment percentage is lower, the salary is lower and the benefits cost will be lower, even if the employee receives full benefits. This is considerably simpler to calculate and also reduces benefit expenses for part-time employees as compared to the old method of calculating benefit costs.

Q: **Are these benefit rates based on appointment percentage as well as the employment/title category or will the rates hold steady at the given CBR percentages regardless of the appointment? For example, would an employee with a 50% appointment benefit rate be the same as a 100% appointment?**

A: The rate is based on job code and benefit eligibility and is against the amount paid. So while the rate would not change for a 50% or a 100% appointment, the actual charge would be half for the 50% appointment.

Q: **If I hire a prospective Assistant Researcher who currently has his own medical insurance, will the composite rate be reduced based on this or will it remain the same?**

A: CBR groups are assigned using Employee Class, Eligibility Configuration (BELI equivalent), FLSA status and, in a few instances, Job Code. If someone waives their UCR medical insurance, it will not affect the CBR group or rate they are assigned.

Q: **What escalation rate should we budget for 2020 forward?**

A: We recommend a 5% escalation each year in order to budget going forward. For FY20, the FY19 rate would be escalated by 5% (meaning that you would take the FY19 rate and multiply by 1.05). For FY21, the calculated FY20 rate would then also be escalated by 5% and so on.

Q: **How do I budget for vacation accruals since it will no longer be included in the benefit rate?**

A: 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 (e.g., there are only three rates and accruals persist even when the employee is at their vacation maximum. Departments should continue to estimate as they do currently.

Q: **Will we know the monthly assessment for vacation accruals so that we can include these amounts in our grants budgets?**

A: The current Vacation Accrual Rates in UCPath are included in the table below. Please note that these will be updated periodically.

Vacation Leave Accrual Employee Groups	Assessment Rate
Non-Accruing Staff/AY Faculty	0.00%
Accruing Staff/Non-Faculty Academic	9.00%
FY Faculty	8.00%

Extramural Funded Contract and Grants

Q: **How will the new rate structure affect existing contracts and grants?**

A: Acknowledging that changing the way that benefit costs are calculated may pose a serious issue for existing grants that were awarded before composite rates were developed, the campus will provide supplemental funding to mitigate the negative impact of CBRs on sponsored programs. Central funding will be provided when the CBR impact is greater than $5,000 or 5% of the project budget. Minor fluctuations between cost estimates at the proposal stage and the actual direct charges are normal occurrences and should be absorbed by the project.

Q: **How do we account for projects that cross fiscal-years and the rates change?**

A: Mitigation funding will be provided only for awards approved or proposals formally submitted within 30 days after the December 12, 2017 announcement of the CBRs rate. It is expected that CBRs will be built into any new proposal or renewals of existing awards effective immediately. Specific details on the guidelines and process for this mitigation strategy will be provided in a separate e-mail that will be sent to campus faculty and will be available on the Sponsored Programs Administration website.

Q: **Will the CBR information message be sent to faculty directly or is it the Department's responsibility to forward it?**

A: There will be a separate targeted faculty communication focused primarily on Contract and Grants mitigation.