

University of California, Berkeley



Composite Benefit Rates
Fall 2016



Part of an overall financial management strategy implemented July 2012 by the Office of the Chief Financial Officer (OCFO) regarding **employer-paid** fringe benefit costs.

- Related to the decentralization of fringe benefit budgets
- Will increase predictability and decrease variability of one of the largest areas of cost for the campus
- Budgeted and expensed as a percentage of salary
- All benefit costs will be managed by the home department regardless of the fund source
- Aligns hiring incentives

This charging practice does not change an employees' eligibility for or the employee's cost of fringe benefit programs.



We are now in our fifth year of CBRs. You will notice few differences from last year's structure and content:

- Expansion of the “Limited” rate to include pay types “AFR”
- Elimination of salary caps



UCB Composite Benefit Rates

effective July 1, 2016

CBR Rate Group	Approved	Projections for Planning Purposes ----->				
	FY17	FY18	FY19	FY20	FY21	FY22
Academic	39.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Staff	46.0%	48.0%	48.0%	48.0%	48.0%	48.0%
Limited	17.0%	19.0%	20.0%	20.0%	20.0%	20.0%
Students (Grad & Undergrad)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

Approved rates have been reviewed and approved by the Department of Health and Human Services for use by all fund sources for FY16-17. These rates will be applied to gross earnings to generate benefit costs posted to the general ledger.

Rates beyond June 30, 2017 are estimates and are provided for planning purposes only. Future benefits rates are subject to review and approval by the Department of Health and Human Services on an annual or bi-annual basis.

Rate changes reflect anticipated increases and decreases in benefit costs, including health care and retirement contributions.

"Limited" includes Post Docs, Faculty Summer Salary, BYN payments and appointments with BELI code 2, 3 or 4.

8-Sep-16



- FY16-17 rates were reviewed and approved by the Department of Health and Human Services (DHHS). Future rates will also be reviewed and approved by DHHS on an annual basis.
- Rates include most, but not all, costs traditionally known and “fringe benefits”.
 - *Excluded costs are*
 - Graduate Student Health and Fee Remissions
 - Vacation Accrual
 - All other costs in account series 52XXX
 - GAEL

For these excluded costs, you will see additional assessments where applicable and appropriate.



Application of the CBR will rely on the proper use of salary account codes and will be executed in the general ledger using the contract and grant module of BFS.

- Title code will drive the initial salary account code assignment
- If other data elements are present, an alternate salary account code assignment will be made:
 - BELI code 2, 3, 4 or 5
 - Z comp Earn/DOS codes



- Just like last year, BFS account code will drive the fringe cost calculation and the true fringe benefit costs posted to the **general ledger**.
 - Please use the proper account codes for all transactions
 - Fringe costs are transacted through the Contracts and Grants Module
 - Invalid account codes impact CBR assessment—units can review invalid account codes using the payroll exception report and correct invalid codes using the cost transfer process
 - Legacy information in PPP5302 is NOT the true cost

The CBR assessment is the employer-paid fringe cost.



- Application of FY16-17 CBRs
 - Payroll processed in August 2016 and beyond will carry the new rates
 - Payroll processed in July 2016 carried the “old” rates
 - July CBR assessments will be corrected with the August 2016 general ledger
 - It is anticipated to post only the difference in costs, as opposed to restating the costs



Example: Faculty Member Jones just retired but is being recalled. What salary account code should be used and what CBR will be applied?

Answer: Faculty Jones' title code would indicate that we assign account code 50215 (Academic-Regular) and apply the academic CBR (39%). However, retirees typically have a BELI code 5, which would mean a categorical exemption from a CBR assessment. Thus the account code should be 50211 (Academic-Exempt) and a CBR of 0% applied.



Example: Contract Employee Williams has a 2 year staff appointment. What salary account code should be used and which CBR will be applied?

Answer: The employee's appointment has a title code that would typically be mapped to a staff salary account code and indicate the Staff CBR (46%). However, contract employees can have limited access to employee fringe programs and therefore a BELI code assignment of 2, 3 or 4. If the contract employee's BELI code is 2, 3 or 4, a salary account code of 51232 would be assigned and the Limited CBR (17%) applied.



Example: Post Doc Fellow Smith has an NSF fellowship. What salary account code should be used and what CBR will be applied?

Answer: Post Doc appointments carry title codes that would typically indicate the Limited CBR (17%). However, Post Doc Fellows typically have earn/DOS codes (FEN and FEL) that would indicate an exemption from CBRs and therefore 0% fringe cost. Thus, although the title code would indicate a salary account of 50212 (Academic-Limited CBR) , because of the earn code, the assigned salary account would be 50211 (Academic-Exempt CBR).



- Composite Benefit Rates do **not**
 - Change employee's eligibility for benefits
 - Change an employee's contributions to benefit programs
 - Change effort reporting systems or requirements
 - Change leave reporting systems or requirements
 - Change how we transact Graduate Student remission programs or GAEL
 - Change how we transact expenses in account series 52XXX
 - Change how we transact cost transfers



- Composite Benefit Rates **do**:
 - Change how fringe benefit costs are budgeted and expensed
 - Change how an account code is populated in HCM
 - Change how we think about employer-paid fringe costs



- Cost Transfers
 - Continue to be entered into PPS using PPP5302 report info
 - All transfers will be run through the contract and grant module
- Students in non-student title codes will be assessed fringe benefit costs at non-student rates
- Periodic “QA” reports to ensure proper account code usage
- “Opting out” will not influence the CBR applied
- Until UCPATH is implemented, legacy data will be present in the PP5302 report
- The Affordable Care Act (ACA) in and of itself does not impact CBR application—continue to use the three data elements (title code, earn code and BELI code) to determine an appropriate CBR

University of California, Berkeley



Facilities & Administrative (F&A)
Rates
Fall 2016



- Berkeley's current F&A rates expired June 30, 2016.
- Until new rates are established, the existing rates are in effect.
- F&A rates are established through a well documented process whereby institutions perform a comprehensive study of the cost to support sponsored agreements.
- Results of the study are presented to the federal government once every 5 years or so for the fed's review and approval.
- UC Berkeley submitted a proposal to establish new F&A rates in June 2016.



- UC Berkeley's most current F&A proposal requested a new set of rates based on FY2016 data: financial data, people, data, space data and more!
- We expect the feds to ask numerous questions about the proposal beginning in late fall 2016 and continuing through summer 2017.
- In spring/early summer 2017, the feds will visit the campus to test the results of the space survey conducted one year ago.
- Maybe as early as summer 2017 UCB will sit down with the feds and negotiate a new rate agreement that will set new F&A rates mostly likely through FY2020.



- We requested five rates, each with an on- and off-campus version, except IPAA:
 - Instruction
 - Research
 - Research (SSL)
 - Other Sponsored Agreements (OSA)
 - Intergovernmental Personnel Act Agreements (IPAA)



- The space review is pivotal to the success of the F&A rate proposal.
 - A space survey accounts for about 15 points of the research rate.
 - About six departments will be selected for review.
 - Feds will walk space and ask occupants questions about their use of the space as well as the funding sources for their salaries.
 - Graduate students are favorite targets for questions.
- Tips for surviving the space survey review
 - Always tell the truth.
 - If you don't know, say so.
 - Don't speculate.
 - Answer only the question asked even if that leaves uncomfortable silences.
 - Prior to the visit, review your department's space survey data. I can help!



- For more information regarding CBRs:
 - <http://budget.berkeley.edu/resources/policies-guidelines-reference-materials/composite-benefit-rates>
- UCB's current F&A rate agreement:
 - <http://www.spo.berkeley.edu/policy/fa2015.pdf>
- For either CBRs or F&A rate issues, contact Paula Milano 847-0899
pmilano@berkeley.edu