



# Composite Benefit Rates (CBR)

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November 3<sup>rd</sup>, 2022

# Agenda

1. Overview
2. The yearly CBR process
3. Calculating CBR rates
4. Carry forward balance
5. CBR groupings
6. CBR logic
7. The accounting for CBR
8. Common issues
9. Special circumstances
10. References and resources

# Overview

CBRs apply the average **cost of benefits** for an **employee group**.

The rates applied in CBRs are an average of all eligible benefits applicable to a benefit group.

Employees are assigned to a benefit group based on **employee classes** and **benefits eligibility**.

The composite benefit rate equals the **total cost of benefit** for the group divided by the **total salaries** of the group.

$$\text{CBR} = \frac{\text{Fringe benefits expenses}}{\text{Salaries}}$$

# Overview

CBRs rates enables:

1. departments to budget for employees benefits in a simple and efficient way.
2. to record fringe benefits expenses in the department's ledger and on C&G, among other funds, explaining why CBR rates are submitted and approved by the federal government on a yearly basis.

# The yearly CBR process



1. In Q1-Q2, UC Berkeley and UCOP collaborate to calculate the CBR rates for the upcoming year based on estimated fringe benefit expenses and salaries by group.
2. In December, UCOP submits CBR rates for the following fiscal year to the federal government for approval. The expectation is that the government approves the CBR rates by June.\*
3. In June, the CBR rates are loaded in UCPath and are used in the ledger starting in July.

*\*To date, the FY22 and FY23 CBR rates have not been approved by the government.*

# Calculating CBR rates

The Basic CBR Rate Formula is:

$$\text{CBR Rate} = \frac{\text{Estimated Cost of fringe benefit expenses}^*}{\text{Estimated Salaries}}$$

\*Costs are adjusted to include CBR under / over recovery from prior years.

# Calculating CBR rates

## Fringe Benefit Costs:

Benefits Administration
Dental Benefits
Disability Benefits
Employee Support Programs
FICA Tax
Incentive Award Programs
Life Insurance
Medical Benefits
Retiree Health Benefits
Retirement Benefits
Senior Management Supplement
Unemployment Insurance
Vision Benefits
Workers' Compensation
<b>TOTAL FRINGE BENEFIT COSTS</b>

	Academic	Staff	Student	Limited	No Benefits Eligibility	Grand Total
760,358	1,171,215	13,160	136,261	5,740	2,086,734	
2,864,749	7,027,723	822	323,945	894	10,218,134	
300,656	769,826	100,189	144,719	974	1,316,365	
1,886,590	2,827,874	-	283,910	148,439	5,146,813	
26,930,763	51,702,184	365,755	3,048,581	665,762	82,713,045	
1,891,986	3,091,758	729,753	643,728	147,312	6,504,537	
163,513	419,920	89	31,483	161	615,167	
39,161,183	95,028,036	243,575	9,944,003	11,091	144,387,888	
10,132,286	15,563,616	36,561	43,641	44,785	25,820,889	
66,832,293	105,256,176	139,999	1,639,527	314,741	174,182,735	
16,177	29,188	6,002	2,079	30	53,477	
1,368,269	2,285,200	486,646	726,027	108,067	4,974,210	
381,751	1,027,773	145	57,021	363	1,467,053	
5,899,022	9,328,756	2,324,570	1,509,413	452,785	19,514,545	
<b>158,589,598</b>	<b>295,529,245</b>	<b>4,447,266</b>	<b>18,534,340</b>	<b>1,901,145</b>	<b>479,001,593</b>	

## Salary and Wage Costs:

Salaries and Wages
<b>TOTAL SALARY AND WAGE COSTS</b>

447,590,391	690,112,142	159,752,216	132,162,333	35,856,829	1,465,473,911
<b>447,590,391</b>	<b>690,112,142</b>	<b>159,752,216</b>	<b>132,162,333</b>	<b>35,856,829</b>	<b>1,465,473,911</b>

<b>FRINGE BENEFIT RATE</b>
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<b>35.4%</b>	<b>42.8%</b>	<b>2.8%</b>	<b>14.0%</b>	<b>5.3%</b>	
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# Calculating CBR rates

## Fringe Benefit Costs (Projected):

Benefits Administration
Dental Benefits
Disability Benefits
Employee Support Programs
FICA Tax
Incentive Award Programs
Life Insurance
Medical Benefits
Retiree Health Benefits
Retirement Benefits
Senior Management Supplement
Unemployment Insurance
Vision Benefits
Workers' Compensation
<b>TOTAL FRINGE BENEFIT COSTS</b>

Academic	Staff	Student	Limited	No Benefits Eligibility	Grand Total
0.2%	0.2%	0.0%	0.1%	0.0%	0.1%
0.6%	1.0%	0.0%	0.2%	0.0%	0.7%
0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
0.4%	0.4%	0.0%	0.2%	0.4%	0.4%
6.0%	7.5%	0.2%	2.3%	1.9%	5.6%
0.4%	0.4%	0.5%	0.5%	0.4%	0.4%
0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
8.7%	13.8%	0.2%	7.5%	0.0%	9.9%
2.3%	2.3%	0.0%	0.0%	0.1%	1.8%
14.9%	15.3%	0.1%	1.2%	0.9%	11.9%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.3%	0.3%	0.3%	0.5%	0.3%	0.3%
0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
1.3%	1.4%	1.5%	1.1%	1.3%	1.3%
<b>35.4%</b>	<b>42.8%</b>	<b>2.8%</b>	<b>14.0%</b>	<b>5.3%</b>	<b>32.7%</b>



# What's included in and excluded from CBR

## Benefits **included** in CBR

- Benefits Administration
- Dental Benefits
- Disability Benefits
- Employee Support Programs
- FICA Tax
- Incentive Award Programs
- Life Insurance
- Medical Benefits
- Retiree Health Benefits
- Retirement Benefits
- Senior Management Supplement
- Unemployment Insurance
- Vision Benefits
- Workers' Compensation

## Benefits **not included** in CBR

*(which should be budgeted for separately)*

- Interest portion of the UCRP Supplemental Assessment
- Tuition remission and Graduate Student Health Insurance
- Automotive & Employee Liability insurance (GAEL)

# CBR logic - rate table in UCPath

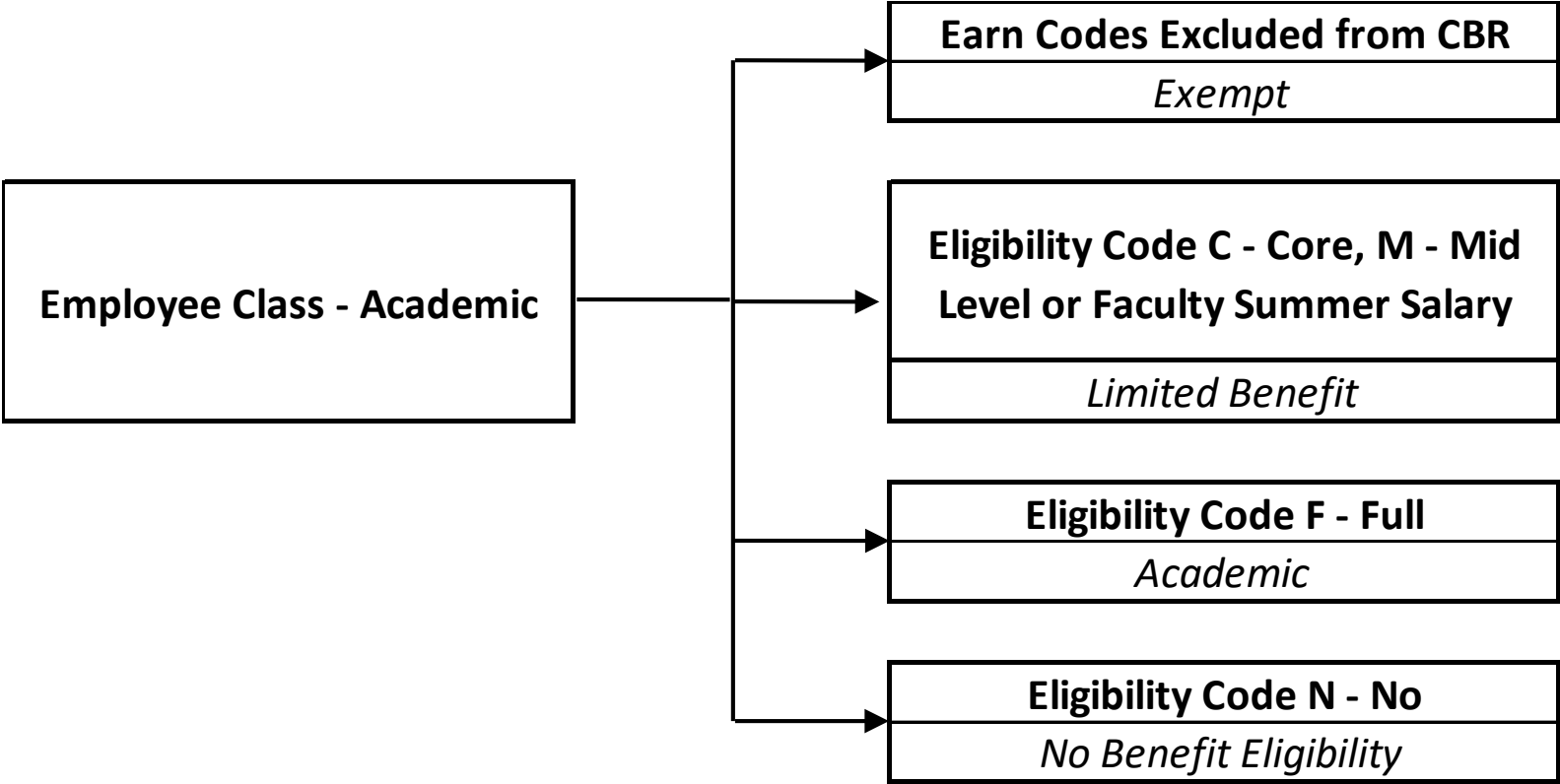
CBR Group	Description	CBR Rate Group	CBR Rate FY19	CBR Rate FY20	CBR Rate FY21	CBR Rate FY22*	CBR Rate FY23*
01	Fclty Nt HSCP-Full Ben Acad Yr	Academic	38%	36.5%	35.9%	35.9%	35.4%
02	Faculty HSCP - Full Benefits	Academic	38%	36.5%	35.9%	35.9%	35.4%
03	Other Academics-Full Benefits	Academic	38%	36.5%	35.9%	35.9%	35.4%
04	Staff Exempt - Full Benefits	Staff	46%	45.5%	45.9%	43.8%	42.8%
05	Staff Non-Exempt-Full Benefits	Staff	46%	45.5%	45.9%	43.8%	42.8%
06	Students - Graduate/Undergrad	Students	0%	2.4%	2.4%	2.6%	2.8%
07	Post Docs	Limited Benefit	17%	17.4%	16.4%	14.4%	14.0%
08	Faculty/Staff-Partial BenElig	Limited Benefit	17%	17.4%	16.4%	14.4%	14.0%
09	Faculty/Staff - No Ben Elig	No Benefit Eligibility	0%	5.6%	5.5%	4.2%	5.3%
10	Campus Rate #1	Post Doc Fellow	0%	N/A	N/A	N/A	N/A
14	Fclt Nt HSCP-Full Ben Sumr Sal	Limited Benefit	17%	17.4%	16.4%	14.4%	14.0%

*\*FY22 and FY23 CBR rates have not been approved by the federal government at this time.*

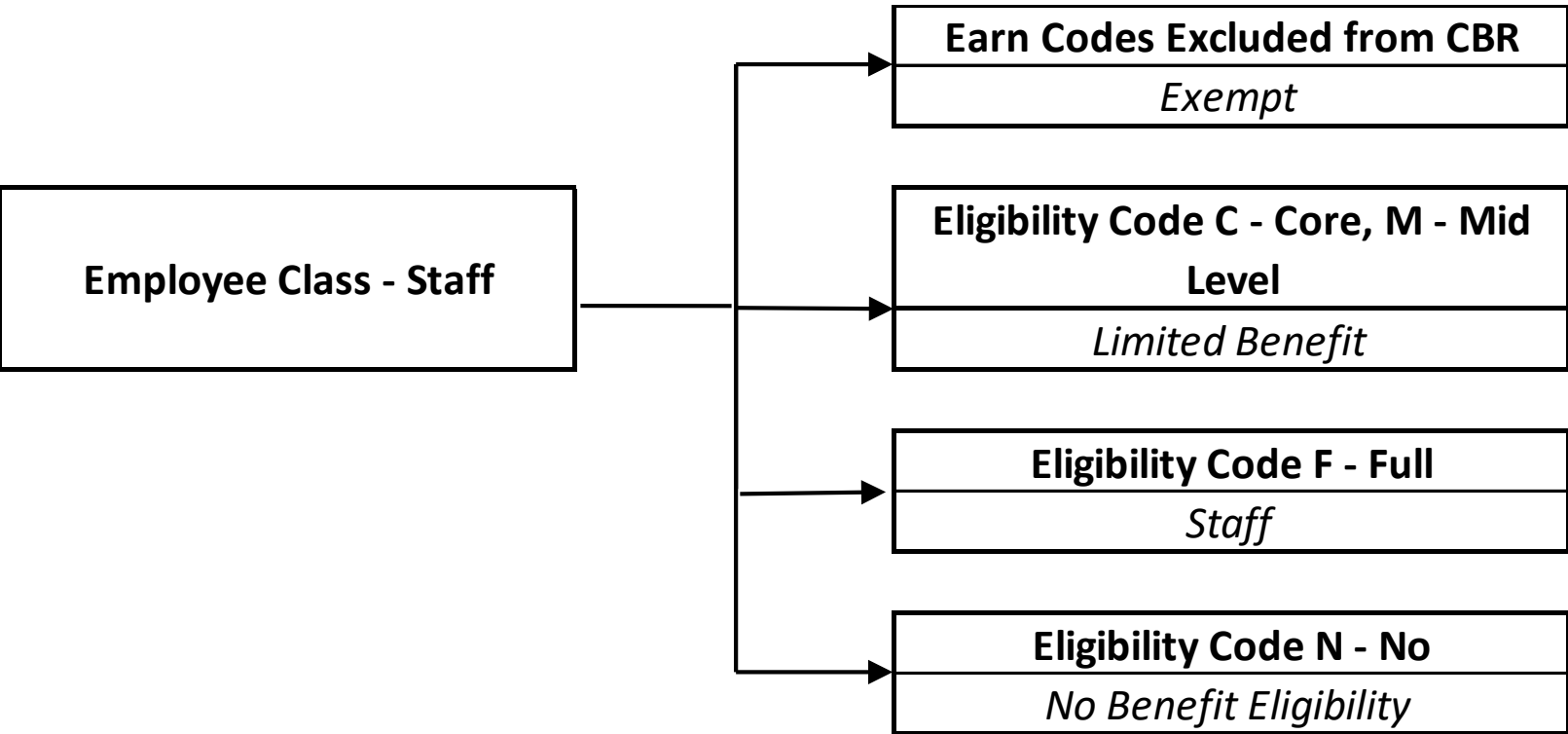
# CBR logic - drivers

Post UCPath
Employee Classes
Eligibility codes (F- Full, M-Mid level, C-Core,N-None,P- Post Doc)
Earn code excluded from CBR
FLSA status (Do not influence CBR rates in the FY20 CBR structure)
Job Codes (Do not influence CBR rates in the FY20 CBR structure)

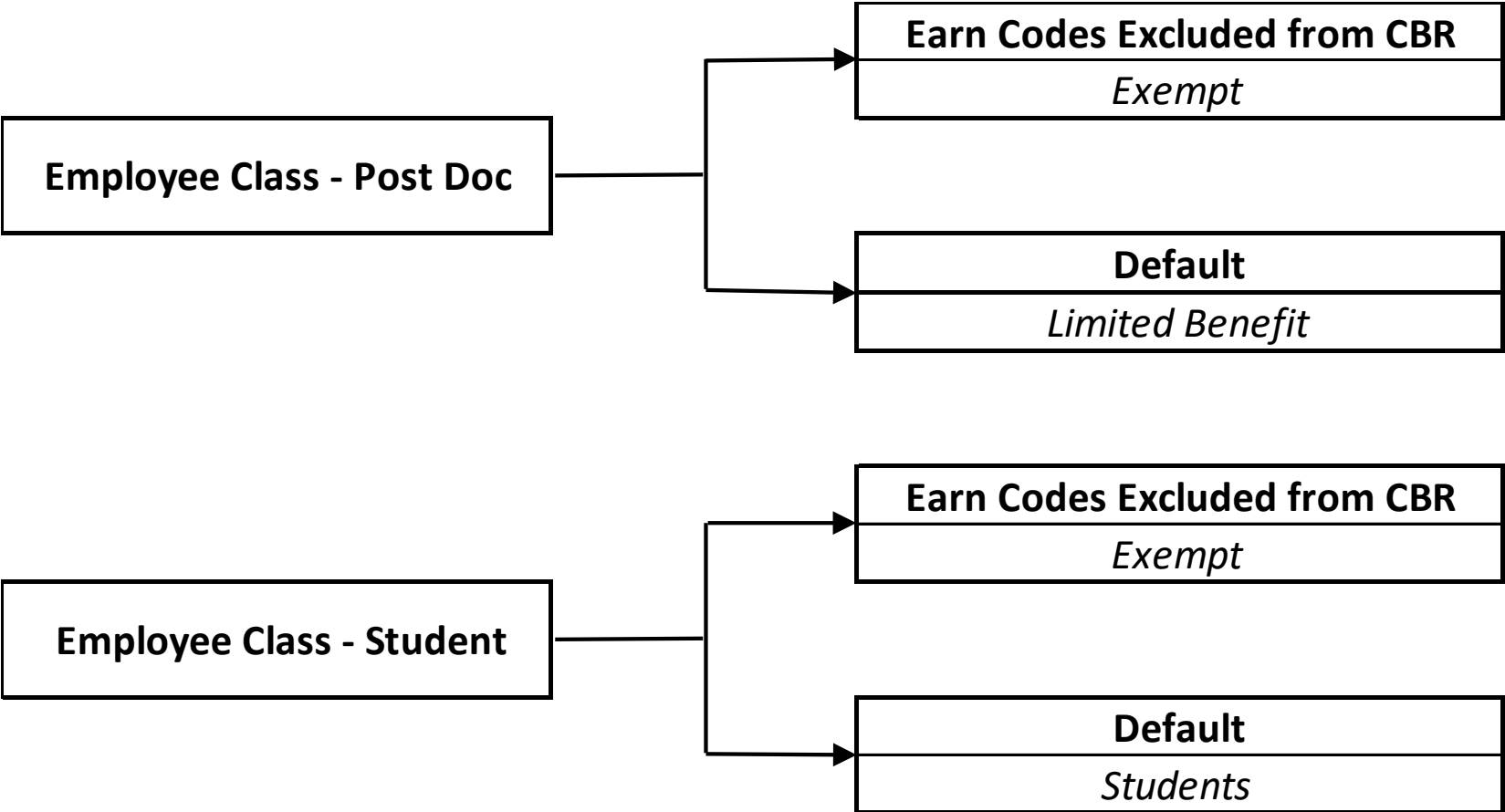
# CBR logic - Employees class Academic



# CBR logic - Employee class Staff



# CBR logic - Employee class Post Doc and Student



# CBR logic - Employee class table

Empl Class	Description	Benefits Eligible
1	Staff: Contract	Full, Mid, Core
2	Staff: Career	Full, Mid, Core
3	Academic: Recall	Core
4	Staff: Limited	Mid, Core
5	Student: Casual/Restricted	None
6	Staff: Per Diem	None
7	Staff: Partial Year Career	Full, Mid, Core
8	Staff: Floater	Full, Mid, Core
9	Academic: Faculty	Full, Mid, Core
10	Academic: Non-Faculty	Full, Mid, Core
11	Academic: Academic Student	None
13	Staff: Contingent Workers	None
14	Academic: Contingent Workers	None
15	Staff: Rehired Retiree	Core
20	Academic: Conversion	TBD
21	Academic: Emeriti	None
22	Academic: Deans/Faculty Admin	Full, Mid, Core
23	Academic: Post Docs	Post Doc

# CBR logic - Eligibility table

Benefits Package	Initial Requirements	Continuing Requirements
Full	<p>Member of a UC-sponsored defined benefit retirement plan</p> <p><b>AND</b></p> <p>An appointment that is 50% or more for 12 or more months <b>OR</b></p> <p>1,000 Eligible hours worked in a rolling 12-month period, including previous UC employment</p>	Minimum 17.5 hours/week or 43.75% average paid time (APT) over rolling 12 month period
Mid-Level	<p>NOT a member of a UC-sponsored defined benefit retirement plan</p> <p><b>AND</b></p> <p>Minimum 50% appointment for 12 months or more <b>OR</b></p> <p>An appointment that is 100% for 3 or more months (but less than 12 months)</p>	Minimum 17.5 hours/week or 43.75% average paid time (APT) over rolling 12 month period
Core	Minimum 43.75% appointment for any duration	Minimum 17.5 hours/week or 43.75% average paid time (APT) over rolling 12 month period
None	<p>Employee is ineligible for Health and Welfare Benefits because of excluded appointment type or does not meet the BELI 1 – 4 requirement:</p> <ul style="list-style-type: none"> <li>· Appointed less than 43.75% and/or average paid time (APT) is less than 17.5 hours/week or 43.75%/month</li> <li>· "Casual restricted" or student reserved position</li> <li>· "Per diem" appointment</li> <li>· "By Agreement" appointment without pay related to time on pay status</li> <li>· "Without salary" appointment</li> </ul>	N/A
Post-Doctoral Benefits	EMPL_CLASS = 23	



# CBR logic - CBR group rate

CBR rate group	Description
Academic	Faculty and Other Academics eligible for full benefits.
Limited	Includes all employees that are not eligible for full benefits such as employees working less than 50% time that are not in the Student categories. Post Docs are included in this category.
No Benefit Eligibility	Employees not eligible for benefits that do not have Job Codes in the Students categories.
Staff	Exempt and Non-Exempt Employees in the Staff category eligible for full benefits.
Student	Employees with Job Codes in Student categories.

# CBR logic - Earn codes excluded from CBR

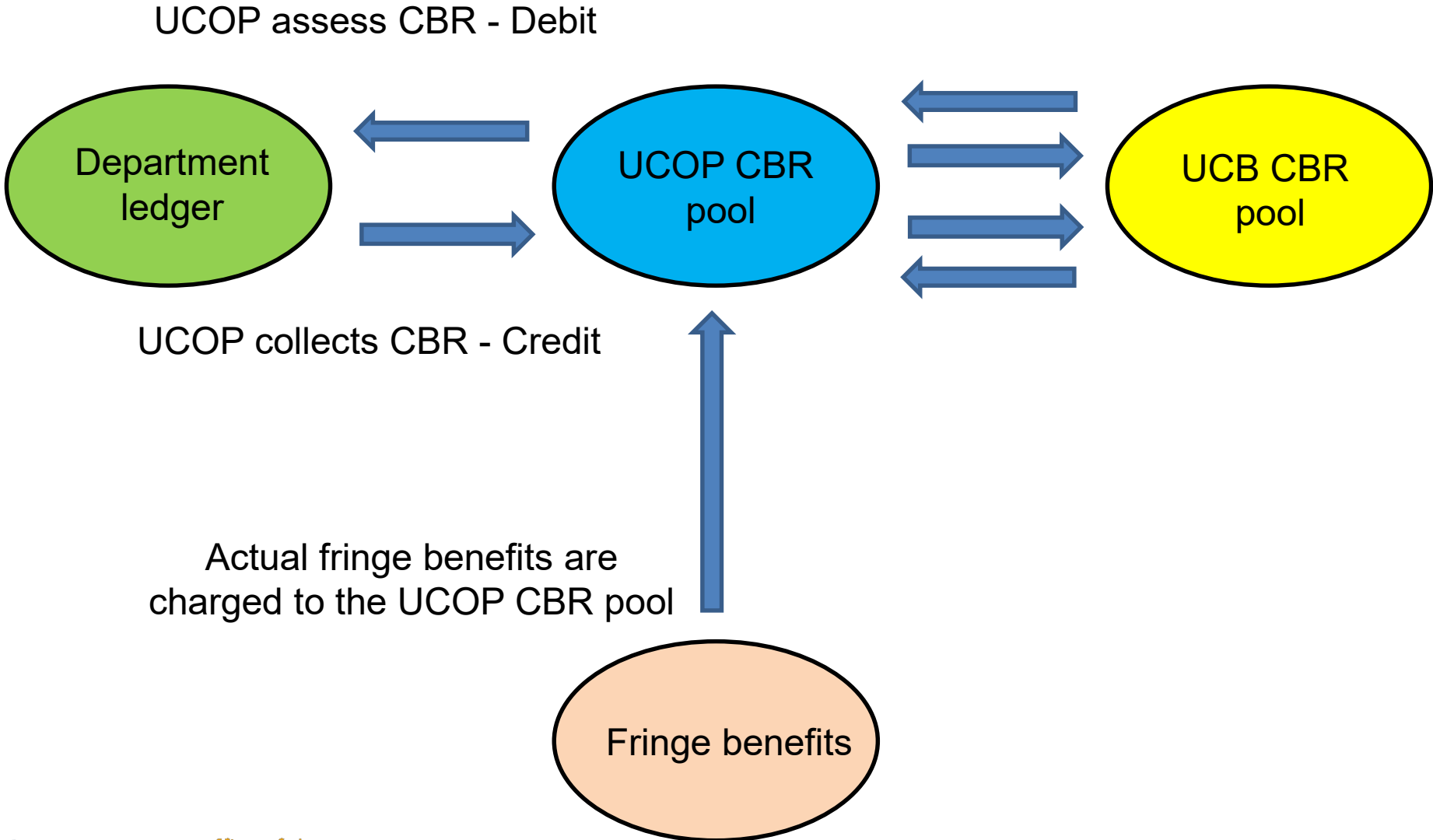
## Earnings Codes Excluded from the Salary & Wage Cost Base

Earnings Code	Earnings Code Description
AAP	Academic Award Program
ANN	Annuity Payments
AWD	Award Payment
B2B	Benefits Billing
BON	Bonus
BYH	ACA Earnings
CBB	Donate Cat Leave Bal to Bank
CBE	Donat Cat Leav Bal to Employee
CBN	Collective Bargaining-Flat Amt
CCA	Child Care Assistance
CDB	Cat Leave Donation to Bank
CDE	Cat Leave Donation to Employee
CNB	Coach Non-Base (Coach NB)
CRB	Cat Leave Received from Bank
CRE	Cat Leave Received from Employ
CTA	Compensatory Time-Accrued
EAA	Employee Auto Allowance
ERT	ERIT-Regular
ETI	Tip-Income
ETR	Tip-Reporting
FMV	Fair Market Value - Taxable
FRA	Faculty Recruitment Allowance
FSA	FSA Unsub Claim
GAP	Unpaid Cap Gap
HCE	Holiday-Comp-Time-Earned
HFE	Holiday-Float-Comp-Time-Earned
HSG	Housing Allowance
HSZ	HLTH Sciences-Z (General)
HZA	HLTH Sciences-Z (Admin)

Earnings Code	Earnings Code Description
HZC	HLTH Sciences-Z (Clinical)
HZO	HLTH Sciences-Z (Outside Act)
ICP	Incentive Pay
ITL	Involuntary Term-Lump Sum
ITP	Involuntary Term-Pay In Lieu
ITR	Involuntary Term-Regular
ITS	Involuntary Term-Severance
LFN	Leave-No Pay-FMLA - Hourly
LNF	Leave-No Pay-FMLA Salaried
LNP	Leave-No Pay Salaried
LPN	Leave-No Pay Hourly
LVC	Leave-No Pay-Curtailment Sal
LVN	Leave-No Pay-Curtailment Hrlly
MOV	Moving Expenses-Pay
MVE	Moving Expenses-Imputed
NCA	Noncash Award
OVP	Overpayment
PDA	Award-Professional Development
PDE	Paid Direct-Earnings
PEI	In Lieu-Endorsment-3rd Party
PFM	Perq-House-Meal-Memo
PQT	Perq-House-Meal-Taxable
PRQ	Perq-House-Meal-Deduction
RIP	Relocation Payment
RPL	Phased Retirement-Lump
RPS	Phased Retirement-Shift
RPT	Phased Retirement-Regular
RPY	Retention Pay

Earnings Code	Earnings Code Description
SHB	Shift Bonus
SLA	Sick Leave-Accrued
SPI	Staff Physician Pay-Incentive
TFB	Taxable Fringe Benefit
TID	Travel of Indefinite Duration
TLI	Tail Insurance Premium
TPR	Tax Prep Reimbursement
TRM	Terminal Vacation-Pay
UNI	Uniform Allowance-Nontaxable
UNT	Uniform Allowance-Taxable
URL	UCPATH Relocation Pay
VAC	Vacation Leave-Used Salaried
VCN	Vacation Leave-Used Hourly
VLA	Vacation Leave-Accrued
VLC	Catastrophic Leave Taken Sal
VLN	Catastrophic Leave Taken Hrlly
VTL	Voluntary Term-Lump Sum
VTR	Voluntary Term-Regular
VTS	Voluntary Term-Severance
WCN	Workers Comp - No Pay
WNP	Workers' Comp Without Pay
WOS	Without Salary
XCE	Clinical ENT MGMT Recognition
XCI	Clinical Incentive Plan
XSC	Star Spot Award Central
XSL	Star Award Local
XTI	Treasurers Incentive Award
XUI	UC Incentive Program

# The accounting for CBR pool



# Common issues - CBR Expense Reclassification

CBR benefit expense adjustments have to be managed via UCPath when possible. Any manual journal entries on accounts 530xx will need to be reclassified by fiscal close since they generate a reconciliation item for Object code 8850 for UCOP.

Manual journal entries using the following account codes need to be reclassified:

- 53060 - Benefit Assess - Acad Regular
- 53070 - Benefit Assess - Staff Regular
- 53080 - Benefit Assessment - Limited
- 53085 - Benefit Assess - No Eligibility
- 53086 - Benefit Assessment - Student
- 53090 - Benefit Assessment - Contra

The following account codes should be used to reclassify your expenses:

- 53950 - Miscellaneous Staff Benefits
- 53910 - Employee Bnft Trsfr Contra-Exp

# Common issues – Employee incorrectly coded in UCPATH

1. CBR rates in the ledger are based on **employee class** and **benefit eligibility codes** in UCPATH. If an employee is mapped to an **incorrect benefit eligibility code** or **employee class** in the HR system then UCPATH will apply the corresponding CBR rates which might be incorrect.  
As an example, if a person is mapped to a **full eligibility code** in the system but instead should be mapped to a **mid level** or **core eligibility code** then UCPATH will charge the full CBR rate instead of a limited CBR rate. It is therefore critical to update the benefit eligibility codes in the HR system when the employee eligibility is changing.
2. Employees on recall is a good example of a shift in eligibility and associated CBR.
3. When a direct retro is posted in a year different from the fiscal year of the original posting, the CBR rate applied will be different for both transaction. The original posting will be charged the CBR rate of the year the original transaction was posted in and the direct retro will be charged the CBR rate of the year the direct retro was posted. This is a known system issue.

# Common issues - CBR adjustments in the ledger

1. When reviewing the general ledger and noticing an incorrect CBR rate, the **employees class** and **benefit eligibility codes** should be reviewed in the UCPath system and adjusted, if needed, to drive the correct CBR rates to be assessed in the future.
2. If a debit or credit is requested, the department should first email the CBR lead all the back up information demonstrating that the CBR is incorrect. A detailed Calanswer report capturing salaries, earn codes/Payroll DOS code (since some earn codes are excluded from CBR) and chartstrings as well as CBR assessed should be provided along with a screen shot of UCPath showing the **employee class** and **benefit eligibility code**.
3. Once the issue is identified, a decision is made to either request a credit / debit or not.

# Common issues - CBR adjustments in the ledger

4. If an adjustment is requested, a ticket in UCPath should be issued with an attached back up (Calanswer reports and UCPath HR reports showing employee class and benefit eligibility codes) as well as the **Benefit cost recovery form**. (The form will be emailed to you upon request)
5. If UCOP agree with the adjustment, they should issue a credit / debit via an intercampus journal.

# Eligibility codes in UCPATH

1. **Eligibility Code (EC)** fields are derived by the system after evaluating the **Job data** components.
2. Note that EC fields can't be updated if they are correct in granting benefit eligibility. If after reviewing the job aid and the job record, the department determines that the wrong eligibility was assigned they can submit a UCPATH inquiry and describe why they believe the eligibility is incorrect.
3. The job aid is located on the CBR [website](#) in the following section:

## Job aid on benefits eligibility triggers

This is a [link](#) to the job aid on benefits eligibility triggers.



# Common issues - UCOP and other UCs are not aligned on which CBR pool the credit/debit should be issued.

1. UCOP used to issue credit/debit from the CBR pool held at UCOP directly to the departments when UCPath was deployed but changed this practice recently and are now expecting UCB to issue the credit/debit adjustment from the UCB CBR pool.
2. We believe this change in accounting is not correct and have pushed back.
3. At this time we do not have a resolution and other UCs are faced with similar challenges. We plan to approach UCOP as a group with the other UCs to advocate for a change in how CBR credit / debit are issued to the departments.

To avoid wasting time creating adjustment journals involving small dollar amount, UCs are thinking about establishing a threshold under which adjustments would not be posted. For C&G funds a different threshold might be established, if any.

# Special circumstances

1. Certain contracts terms cap the CBR rates for certain elements of the fringe benefit expenses. In this case, an adjustment to the CBR assessed needs to be posted in the ledger using a manual journal to align with the terms of the contract. The CBR amount above the cap needs to be subsidized by another fund.
2. UCPath also enable **Benefit cost transfer** which is similar to a direct retro but for CBR. A benefit cost transfer will reclassify CBR expenses from one chartstring to another and is a one time reclassification process. The benefit cost transfers are found on the UC customization tab of UCPath in the same area as the direct retro.
3. In some instances, certain funds such as some federal work study funds cannot be charged CBR in which case a JIRA ticket is issued to reprogram UCPath to charge an alternate fund instead. This is an ongoing adjustment process in the system.
4. When unsure about how to address a special circumstance, please reach out to the CBR lead for advice.

# References & Resources

- CBR Web Site  
<https://cfo.berkeley.edu/about-us/financial-planning-analysis/budget-and-financial-operations/composite-benefit-rates-cbr>
- Contract & Grant Manual  
<http://www.ucop.edu/research-policy-analysis-coordination/resources-tools/contract-and-grant-manual/>
- All CBR related correspondence  
[centralresourcemanagement@berkeley.edu](mailto:centralresourcemanagement@berkeley.edu)
- CBR procedures queries  
Herve' Bruckert: [hbruckert@berkeley.edu](mailto:hbruckert@berkeley.edu)

Thank you for your time, attention and questions.  
I look forward to working with you and welcome and appreciate your suggestions to improve CBR related processes.

