

UCPath@UCLA

Composite Benefit Rates
(CBR) & Vacation Accrual
Implementation

Background

- UC's Current Payroll System:
 - Employee salaries charged to fund(s) on % of effort
 - Employee benefits charged to same fund(s) based on detailed rates (results in hundreds of rates)
 - Vacation accruals charged to same fund(s) utilizing complex formula until maximum accrual reached
- UC Path:
 - Employee salaries - No change
 - Employee benefits charged based on a CBR determined by a limited number of employee groups (Salary x Rate)
 - Vacation accruals charged based on simplified formula with no maximum

Background (cont.)

- May 2014 – Chancellors approved system-wide CBR model
 - Equity between campuses
 - 10 Employee Groups w/ option to create 4 campus specific groups or combine Employee Groups
- October 2015 – NIH Appeals Board Ruling upheld Cost Allocation Services decision not to allow salary cap for CBRs at UC

What is CBR?

- Pool employer-paid benefits instead of having many charges for individual benefits (taxes, retirement & health)
- Consistent method of charging benefit costs to all activities
- Rates based on Employee Groups
- Charged as a % to all components of pay except for certain bonuses, incentives & Z payments
- Overall cost of benefits won't change for UCLA – continue to pay actual costs
- No change to employee-paid portion of benefits

What's included in CBR?

- Medical & Dental Insurance
- Medicare & SDI taxes
- Post-Employment Health Benefits
- Pension & Other Retirement Contributions
- Worker's Compensation Insurance

- *What's not* – Accrued vacation leave, Tuition remission, Grad Student Health, Sabbatical costs, GAEL

Other Research Universities

- Most large research universities utilize CBR for charging benefits to funds
- Harvard – 10 rates
- Caltech – 1 rate
- USC – 3 rates
- University of Wisconsin – 8 rates
- University of Illinois – 6 rates
- The Ohio State University – 7 rates

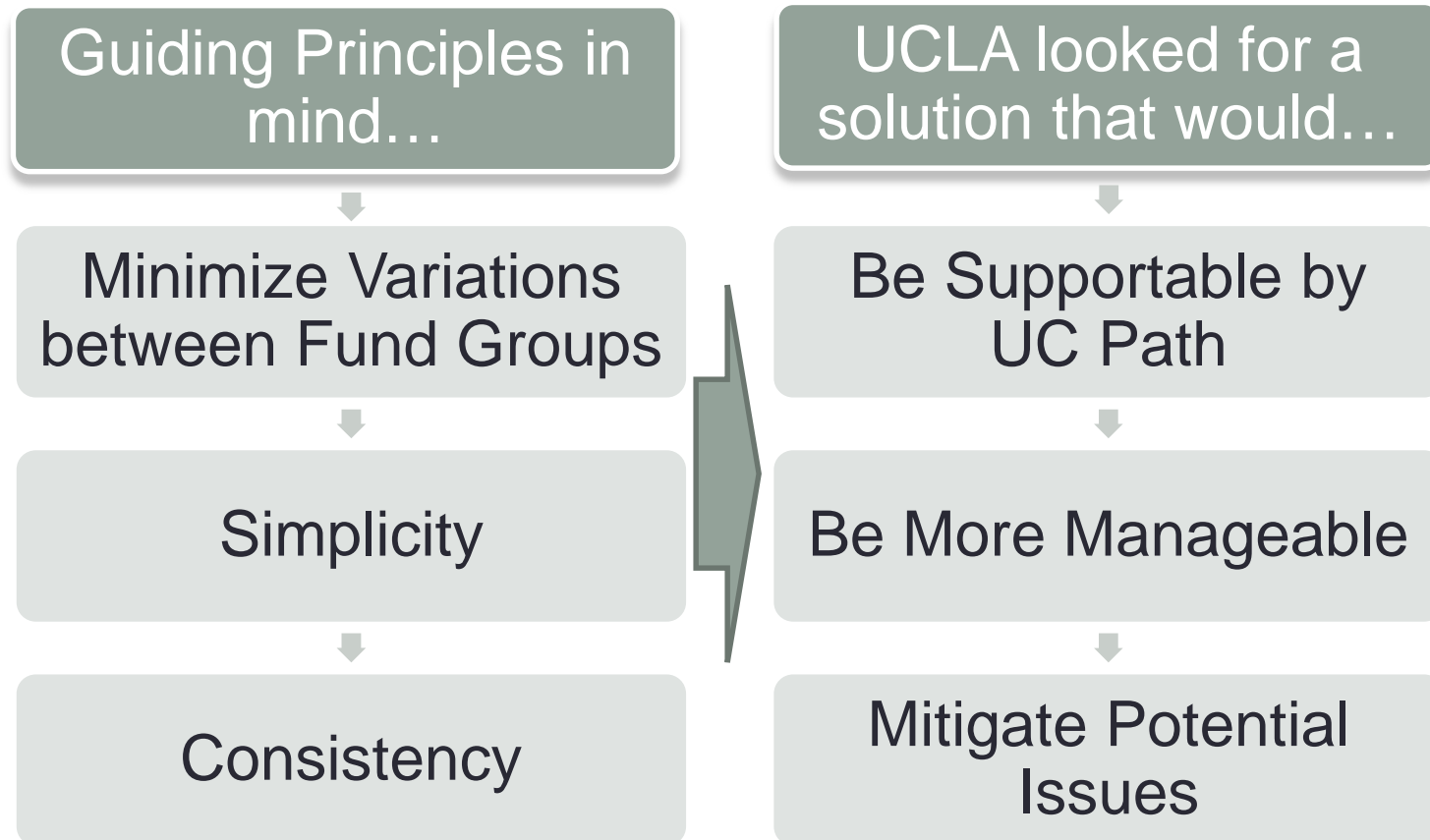
Vacation Accrual

- Goal – cover actual cost of vacation taken
- Current process undercharges
- Future changes
 - Simplify calculation
 - Three rates
 - Full Year Faculty
 - Accruing Staff & Non-Faculty Academics
 - Non-Accruing Staff & Academic Year Faculty
 - Charge continues despite individual's vacation balance

CBR and Vacation Accrual Timing

- Communicating to Campus – September/October 2016 in time for grant proposals for FY18
- CBR Proposal to Federal Government - Jan. 1, 2017
- CBR Federal Negotiations complete by July 2017
- UC Path Go-Live August 2017
 - First paycheck September 1st (August payroll)

UCLA Implementation Strategy



UCLA Employee Groups

Group #	Employee Group	Preliminary CBR
1	Faculty Summer	5.0%
2	HCOMP Senior Faculty	24.0%
3	Faculty	30.9%
4	Other Academics	39.9%
5	Post Docs	30.9%
6	Staff Exempt	39.9%
7	Staff Non-Exempt	48.2%
8	Food-Custodian-Grounds	63.9%
9	Employees & Students with Limited Benefits	5.0%

Mitigation Plan – General Funds

- Overall effect - reduction in benefit expense by \$4.3M
- Expense swings (both positive & negative) between organizations and departments
- FY18 budget discussions will include
 - Organization & department changes due to CBR/Vacation Leave changes
 - Mitigation strategies for the organization

Mitigation Plan - Sponsored Awards

- Overall effect - increase in benefit expense by \$2.8M
- Sponsored Award Mitigation Plan to offset impacts to existing awards
 - Mitigation for methodology change
 - Impact >5% and \$10,000 of awarded direct costs
 - Available for FY2018 and FY2019
 - Committee to Review/Approve Mitigation
 - Awards approved for mitigation will transfer costs to mitigation plan funds
 - Industry Clinical Trials are exempt

Payroll Expense Report (Today)

Medicare Amount	Health Insurance Amount	Annuitant Health Insurance Amount	Other Postemployment Benefits Health Insurance Amount	Other Postemployment Benefits Administration Amount	Life Insurance Amount	UCNDI Amount	Workers Compensation Amount	Unemployment Insurance Amount	Dental Insurance Amount	Vision Insurance Amount	OPFR Amount	Employee Support Program Amount	Core Medical Insurance Amount	Core Life Insurance Amount
445.33	104.15	1,064.98	217.40	12.40	4.34	6.71	43.04	25.53	37.04	12.75	0.00	5.11	0.00	0.00
0.00	218.18	914.80	460.05	26.24	4.34	6.71	91.08	54.03	80.24	12.75	0.00	10.81	0.00	0.00
547.61	128.07	510.86	268.50	15.32	4.34	6.71	53.16	31.54	43.50	12.75	0.00	6.31	0.00	0.00
128.71	0.00	268.98	15.34	4.34	6.71	53.26	31.59	53.09	12.75	0.00	0.00	6.32	0.00	0.00
36.25	459.78	77.36	4.41	2.17	3.35	15.32	9.09	43.95	6.37	0.00	0.00	1.82	0.00	0.00
36.07	459.78											1.82	0.00	0.00
121.13	1,180.06													
120.69	510.86													



30+ Categories

Life Insurance Amount	UCNDI Amount	Workers Compensation Amount	Unemployment Insurance Amount	Dental Insurance Amount	Vision Insurance Amount
4.34	6.71	43.04	25.53	37.04	12.75
4.34	6.71	91.08	54.03	80.24	12.75
4.34	6.71	53.16	31.54	43.50	12.75
4.34	6.71	53.26	31.59	53.09	12.75
2.17	3.35	15.32	9.09	43.95	6.37
2.17	3.36	15.32	9.09	43.96	6.38
4.34	6.71	52.05	30.88	80.24	12.75
4.34	6.71	49.85	29.57	43.50	12.75
30.38	46.97	373.08	221.32	425.52	89.25
0.00	0.00	0.60	0.35	0.00	0.00
0.00	0.00	1.20	0.71	0.00	0.00
0.00	0.00	0.24	0.14	0.00	0.00
0.00	0.00	2.04	1.20	0.00	0.00

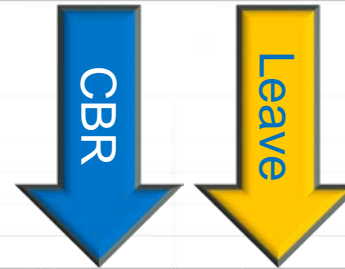
Distribution of Payroll Expense Report (UCPath)

Distribution of Payroll Expenses (DOPE)

Report Parameters:

Time Period: December 2015
 Account Location Code: M - UCOP UC PRESIDENT'S OFFICE
 Business Unit: UCOP1
 Department: xxxx-STUDENT SERVICES

Employee ID	Employee UCLA UID	Employee Name	Gross Salary	CBR	Leave Assessment	GAEL (EL)	GAEL (GL)	Other	Fringe Costs (Total)
10000456	203863044	xxxxxx,xxxx	(405.59)	3,105.20	705.73	28.23	28.23	0.00	3,867.39
			405.59						
			8,821.59	3,105.20	705.73	28.23	28.23	0.00	3,867.39
203863061 - Summary			8,821.59						3,867.39
10000579	303186545	yyyyyy.yyyy	9,026.32	3,177.26	722.11	28.88	28.88	0.00	3,957.13
303186579 - Summary			9,026.32						3,957.13
10000642	304241046	mmmm,mm	(335.42)	2,449.88	556.79	22.27	22.27	0.00	3,051.21
			7,295.31	2,449.88	556.79	22.27	22.27	0.00	3,051.21
304241042 - Summary			6,959.89						3,051.21
10000773	403863274	ggggggg.gggg	8,449.51	2,974.23	675.96	27.04	27.04	0.00	3,704.27
403863258 - Summary			8,449.51						3,704.27
10000848	404397151	rrrrrr,rrrr	4.06						
			16.22						
			2,596.00	920.92	207.68	8.38	8.38	0.00	1,145.36
			36.50						
			73.02						
			2,596.00	952.34	207.68	8.66	8.66	0.00	1,177.34



Communication Plan

- Deans' Council
- Academic Senate Leadership
- CAO/CFO Meeting
- Research Administrator Forum
- Research, Budget & CFS Web Sites

GAEL Assessment Change - FY17

- General Automobile and Employment Practices Liability (GAEL) Insurance Assessment
- UCLA GAEL Assessment Change Effective FY17:
 - GAEL charges will continue to be redirected to departmental unrestricted funds for Federal & Federal pass through sponsored funds
 - GAEL charges will be assessed to State and Local sponsored funds and will no longer be redirected
- Impact to State and Local Sponsored Funds
 - Existing Awards
 - Include GAEL in Proposal Budgets