Composite Benefit Rate Basics

Q1: Must we use the new composite rates or can we use actual rates if we have them?

A1: Once composite benefit rates are implemented with the transition to UC Path, we cannot mix between charging actual costs and composite benefit rates.

Q2: What fringe benefit components are included in the composite rates?

A2: 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

Q3: Are there certain benefits costs that are not included as part of the composite rates?

A3: Benefit costs for graduate student tuition remissions and fees, and vacation accruals have been excluded from the CBR calculations and these costs will continue to be recovered by direct charging the funding sources. Additional details can be found on the CBR webpage.

Q4: If the implementation of CBRs is delayed, but the CBPRs were included in the proposal development, will the CBR be applied?

A4: No. Due to system limitations, CBRs will only be applied once we transition to UC Path.

Q5: Why are we being asked to plan and apply CBPRs in proposals so soon?

A5: Including CBPRs in proposal development sooner rather than later provides the university an opportunity to ease into the application of CBRs. This allows for a smoother transition into the new way we will be budgeting for benefits in proposal development.

Q6: How will the new rate structure affect existing contracts and grants?

A6: We understand that many researchers have multi-year awards and proposals which were approved with different fringe benefit rates than the composite rates. The campus is developing a Mitigation Program to cover substantial shortfalls created by the transition to composite rates to alleviate the impact to contracts & grants.

This Mitigation Program is still being developed and more information will be made available soon.
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Q7: How will benefits be charged to my fund with the composite rates?

A7: The composite benefit 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.

Q8: Are the composite rates applied to the total salary?

A8: A benefit to CBRs is their simplicity in application. CBRs eliminate the process of applying different rates to the various types of pay or description of service. Instead, the type of work, determined by the DOS/earn code, is either CBR eligible or ineligible. Salaries associated with CBR eligible DOS/earn codes will have the benefit rate applied. Ineligible DOS/earn codes will not.

DOS/earn codes that are CBR eligible include, but are not limited to;
- Regular Pay
- Overtime
- Differential Pay
- Supplemental Compensation
- On Call Pay
- Sabbatical
- HCOMP Additional Covered Compensation
- By Agreement Compensation

Q9: How are the composite rates identified and how do I know which one to use?

A9: To identify the appropriate CBR, the following employee information is required: (1) the benefits eligibility level indicator (BELI), (2) the description of service (DOS)/earn code, and (3) title code. Once this benefits profile information is identified, the resources provided on the Composite Benefit Rate website can assist in determining which employee group will be applied.

Q10: What if an employee is eligible for full-benefits, but is not appointed at 100% time?

A10: The benefits cost 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.

Q11: The composite rates seem high. Why is this?

A11: The new rates are based on FY18 actual benefit expenses. The increases in the FY19 rate 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.
Q12: 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?

A12: One of the advantages of moving to a composite benefit rates 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 since the budgeted benefits using CBRs will align with the actual amount charged for fringe benefits. Any concerns with the wide variation of benefits for employees doing the same job is essentially eliminated.

All actual costs to the University will still be accounted for, but departments will not see them in their ledgers. The composite assessments and actual costs will be reconciled on an annual basis, and any over- or under-recovery will be adjusted in future year rates.

Q13: How do we account for projects that cross fiscal-years and the rates change?

A13: After our UC Path start-date, the fringe benefit rate that will be charged to your accounts will be adjusted each fiscal year, so that the first payroll feed in July will have the new rates charged to them.

If you are budgeting for a project that crosses fiscal-years, then you will need to adjust the fringe benefit rates for the employees accordingly.

Q14: How do I project composite benefits costs beyond the provided schedules?

A14: A standard escalation of 3% should be used for budgeting beyond the provided schedules. Please note that the projected CBRs provided on the Composite Benefits Rate website/accompanying materials are subject to change and should be consulted regularly.

Q15: What happens when grants are submitted through one VC Area/ORU, but employees’ appointments are not in that VC Area/ORU?

A15: There is no difference in the composite benefit rates for employees regardless of which department they work in. Composite fringe benefit rates are applied based on the benefits profile, regardless of where the employee is appointed.

Questions?

If you have any questions that are not addressed by the resources provided, please contact us by emailing CBR@ucsd.edu.