Composite Benefit Rates
Overview and Frequently Asked Questions
University of California, Santa Barbara – Office of Budget & Planning
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Overview

Consistent with the UCPath goals of standardizing processes and increasing efficiency, UCSB 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 September 2018 earnings paid in October 2018.

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@bap.ucsb.edu.

General Questions

Q: How are the composite rates calculated?

A: Following federal regulations and the UC system wide CBR model, the rates are calculated by allocating a pool of composite benefit costs on the basis of campus-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 base salary of the individuals.

Q: How are CBR employee pools determined and/or defined?

A: Most CBR pools are standard to all UC campuses. There is information and an estimating tool on the Budget & Planning website to help understand which employees map to which pools.

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 tuition remissions and fees, 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. Vacation accruals, interest charges associated with UCRP and GAEL will be handled as separate rates outside of CBR’s.
Q: How frequently are the composite rates reviewed and updated?
A: CBR’s are fixed for an entire fiscal year, and will be adjusted annually.

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 with the September 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. CBR expenses will be charged to an individual object code, instead of the multiple objects used today.

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. 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, (4) job (title) code and, in a few instances, (5) EARN (DOS) Code. Please note that in UCPath, benefits eligibility is stored on the employee’s Benefits Primary Job. For this reason, when evaluating Benefits Eligibility, UCPath will look only at the Benefits Primary Job for the Eligibility Configuration 1 value and may override the CBR rate. Budget & Planning has developed an estimating tool to help departments preparing budgets.

Q: What CBR category would Graduate Student researchers (GSRs) fall into? Does their benefit rate include dependent care coverage?
A: GSRs and TAs would be included in the Student CBR as CBRs do not include Fee Remissions or GSHIP.

Q: The composite rates seem high/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 reduces benefit expenses for part-time employees as compared to the old method of calculating benefit costs.

**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 UCSB medical insurance, it will not affect the CBR group or rate they are assigned.

**Q: What do we budget for future years beyond 2018-19?**

**A:** There is a 5-year forecast of rates on the Budget & Planning website that should be used. This was developed in coordination with UCOP. These forecasted rates are not guaranteed or fixed and are subject to many variables, including the actual cost of big drivers such as medical and retirement expenses. However, they are the best estimates we have based on current information. The 5-year forecast will updated on an annual basis.

**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: If two employees are married, which CBR category would determine the benefit rates? Are they both calculated/charged according to the respective FAU as individual employees or would one be in the “Partial Benefit Eligibility” rate?**

**A:** The employees would each be assigned to the employee class that is appropriate for the terms of their employment. The marriage would have no impact on the CBR rate.
Q: I have a PI that would like to hire a Professional Researcher (non-senate academic) at 60% time. He resides in, and will collaborate from, Canada and will opt out of health insurance. Should the PI be considered “Other Academic” or “Partial Benefit Eligibility”?

A: Opting out of health insurance would have no impact on the CBR rate. The rate will depend on what pool the employee is mapped to.

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

A: The fringe benefit rate that will be charged to your accounts will be adjusted each fiscal year, so 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.

Because many researchers have multi-year awards and proposals which were approved with different fringe benefit rates than the composite rates, the campus is creating a funding pool to cover shortfalls created by the transition to composite rates. This funding pool will not mitigate the impacts of increased health insurance costs, increased contributions to UC Retirement System or other cost increases that are beyond the University's control.

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

A: There will be a separate targeted faculty communication.