1. **Composite Benefits Rates**

Composite Benefit Rate (CBR) is a standardized percentage applied to an employee's salary to estimate the cost of fringe benefits, rather than calculating actual benefit costs for each individual. This approach simplifies budgeting and ensures consistency across the university.

1. **Overview of Benefits Funding for Perm Core Employee FTE**

Funding for CBR costs is provided for centrally funded Full-Time Equivalent (FTE) *filled (as opposed to unfilled)* positions on permanent core funds 19900,19912,19924,19942, and 67000 (hereafter referred to as Filled Core FTE).

When there are salary increases for salary actions funded by central, funding is also provided to cover the related cost of benefits for filled core FTE. Funding is also provided for year-to-year changes in CBR rates and changes in filled core FTE.

CBR funding for filled positions paid from core funds is managed through two mechanisms: the CBR Mitigation Process and Costing Reports.

CBR mitigation is a process used to ensure each organization (Org) has the right amount of permanent benefits budget to support filled positions paid from core funds.

Costing Reports track salary increases throughout the year and provide budget augmentations needed to align an Org’s benefits budget with the changes in benefits costs for Filled Core FTE.

Benefits budgets are pooled together into what’s called the Benefits Pool, which includes all permanent budget in benefit categories BC20 and BC30 within core funds. It doesn’t matter what other COA elements are tied to the budget (like activity or function)—if it’s in BC20 or BC30 and from one of those core funds, it’s part of the pool.

1. **CBR Mitigation Process**

The CBR mitigation process is the process by which we calculate and establish the benefits base budget for each Org each year. This is done using a snapshot of current year’s budget data and Filled Core FTE data to form the base for the next fiscal year.

This process has three components, the CBR Mitigation Recon Template, the Staffing Snapshot, and the Mitigation Table. These components may have updates on implementation year to year, but their intended use remains the same.

CBR Mitigation Recon Template

Funding for salary changes for core-funded employees and increases in FTE that are not centrally funded (e.g., retentions, promotions, reclassifications, new positions) must be provided by the Org. This includes both the salary and the related CBR costs.

Orgs should allocate permanent funds into the benefits pool by moving budget from a non-benefits/non-salary BC into BC20 or BC30, as appropriate.

The recon template is used to distinguish Org-funded salary changes and FTE increases from those funded by the CBO. It includes a set of questions that calculate any benefits budget the Org should have moved into the pool.

For example, if an Org creates a position funded from S&E on core funds, they must permanently budget for the full salary and benefits. Once the position is established, the central budget office will fund future salary and benefit increases when there is a campus approved process and funding is available.

Staffing Snapshot

To determine CBR costs for filled positions in the upcoming fiscal year, the CBO takes a snapshot of BDP data. Because positions and salaries change frequently, this snapshot captures a point in time showing filled and vacant positions on core funds. The snapshot uses a calendar year view of benefits budgets rather than a fiscal year view and is timed to include major July 1 and October 1 salary actions. As a result, the snapshot date is typically the last working day of December.

Orgs must review the snapshot and confirm the data is accurate through the snapshot date. This step is critical, as BDP data is often not updated promptly by the Org and the accuracy of the data will determine the accuracy of funding for mitigation. Once units complete their review and edits, the CBO applies the CBR rates to estimate employee benefits costs for the next fiscal year. Orgs should also enter the same changes into BDP; however, for CBR mitigation we rely only on the staffing snapshot within the recon template, so any BDP actions after the snapshot date are not captured.

Since this is a snapshot in time, it’s not an exact calculation of budget need for units that have changes after the snapshot. The expectation is that units will cash manage those changes until the next snapshot is taken.

Mitigation Table

Once the CBO has collected all recon templates and staffing snapshots, a Mitigation Table is created to show the breakdown of current benefits budgets (as of the snapshot date) versus the estimated costs of benefits for Filled Core FTE in the next fiscal year.

The table displays the ending benefits budget from the prior mitigation cycle, highlights changes to the budget, and compares the Org’s benefits budget to the projected CBR costs for filled permanent core positions. The difference between the two is the mitigation amount.

If CBR costs for filled core funded positions are expected to be higher than the Org’s benefits budget, then CBO provides additional perm funding. If CBR costs are expected to be lower than the Org’s benefits budget, then CBO pulls perm funding from the Org.

1. **Deadlines for CBR Mitigation Process**

In the early years of our campus transition to Oracle Budget, flexibility was provided for adjusting CBR mitigation templates. Now that we are acclimated to the system, templates are considered final once approved and the mitigation process has closed. No corrections or changes will be accepted after this point. Any shortfalls in budget needed to cover CBR expenses must be cash-handled by the Org.

While specific dates will be communicated each year in the emailed CBR mitigation instructions, the general timeline is as follows:

* Late December – Staffing Snapshot captured
* Late January/Early February – Templates distributed to Orgs
* February/March - 1 month template submission period
* 1 Week Grace Period – Orgs must follow up if corrections are needed. Extensions to template submissions will only be granted under extenuating circumstances and this grace period will be considered the extension allowance.
* April/May – Mitigation Table distributed to Orgs
* 1 Week Review Period – Orgs may review calculations for mitigation amounts. No changes to staffing snapshots or templates permitted.
* July (new fiscal year) – Mitigation amounts transacted in Oracle Budget

1. **Managing Benefits Budgets**

The benefits pool is owned and managed by the CBO. Departments should not move permanent benefit funds out of BC20 and BC30, as these funds are not discretionary.

The unit must augment the benefits pool (move budget from a non-salary/non-benefit BC to BC20/BC30) if it has created new positions on core funds or needs to fund a salary action not covered by central resources. When doing so no perm budget deficits should be created in any other BC.

Departments may move benefits funds between activities as part of managing staffing, but the funds must stay in BC20 or BC30.

If a position is filled or vacated after the Staffing Snapshot date, do not adjust the permanent benefits budget. The Org should manage the cash impact locally. Temporary funding in BC20 and BC30, resulting from prior-year rollover balances, can be used to cover these changes. The permanent budget for the position will be updated in the following year’s snapshot.

1. **Staffing Cuts**

Orgs may choose to eliminate core-funded positions as part of budget reductions. For these positions, the Org is permitted to reclaim the associated permanent benefits funding. The Org should notify the CBO of any staffing cuts to core-funded positions and obtain approval before moving permanent budget out of BC20 or BC30.

1. **Temporary Appointments**

Employees may hold more than one appointment but should never have more than 1.0 active FTE. If an employee has an inactive core-funded position (for which they are not currently paid) and a temporary or active core-funded position within the same or another Org, benefits funding is provided only for the active position. The inactive position does not receive benefits funding until it becomes active.

For example, a faculty member may take an administrative appointment within their Org or another Org. During the administrative appointment, CBR funding covers the benefits costs for the core-funded admin position. Since the faculty appointment is inactive during this time, it does not receive benefits funding.