# Composite Benefit Rates Implementation Mitigation Program FY12-13

Effective July 1, 2012, UC Berkeley moved to composite benefit rates (CBR) for the budgeting and expensing of employee fringe benefit costs.  The move is a positive step forward in strengthening UC Berkeley’s financial management by providing a predictable means to expense and project employee fringe benefit costs.  The UCB CBR project was done in advance of an analogous project to be implemented across the UC System.  However, UCB’s transition to composite benefit rates was not without some obstacles. To help smooth the transition for less agile funds, the campus is launching a mitigation program to provide short-term, supplemental funding to help defray the difference between the composite benefit rate assessments and historical costs.  Parameters for the program are listed below.  As the campus moves toward its second year of CBR beginning July 2013, it proposes modifications to its CBR structure and composition that address many of the challenges the original implementation created.  As such, it is expected that the mitigation program will only be necessary for fiscal year 2012-13.

*Program Parameters*.  To be considered for mitigation funding, a request must meet all of the following criteria:

1. The impacted fund must be a sponsored agreement, and
2. The sponsored agreement must have a start date of July 1, 2012, or after, and
3. The sponsored agreement must still be active at the time of the mitigation request, and
4. The CBR must materially impact a sponsored agreement by at least 5% of the project ‘s annual direct cost budget, and
5. Total mitigation must exceed $1,000.

*Impact Calculation*.  To calculate the impact of the composite benefit rates:

1. The Office of the Chief Financial Officer (OCFO) will compare each sponsored agreement’s historical fringe benefit costs to the new costs assessed through CBR.
2. The average monthly difference will provide the basis for the annual impact calculation.
3. All fringe benefit costs charged to the sponsored agreement will be evaluated, not just some costs.
4. Excluded from the evaluation will be all employee fringe costs exempted from the composite fringe benefit rates:  graduate student remission programs, IAP assessment, GAEL and all costs transacted in the 52XXX account code range.
5. Consideration of major changes in the sponsored agreement’s workforce may be made where those changes materially impact the sponsored agreement.  For example, if the grant historically employed 2 people and now employs 6, an adjustment to the mitigation amount may be made.

*Request Review*.  All requests will be reviewed according to the parameters listed above, then:

1. Requests that fall within the program parameters described above will be reviewed and approved administratively by the Chief Financial Officer (CFO).
2. Requests that fall outside of the program parameters will be returned with an explanatory note.
3. Appeals will be accepted and reviewed by a committee for decision.
4. Requests must be received by September 30, 2013.  Any request received after September 30, 2013, including appeals, will be returned without review and will not be eligible for funding.

*Mitigation Awards.*  To be provided as supplemental funding for increased fringe benefit costs.

1. Mitigation awards will be in the form of additional resources to pay for the documented increase in fringe benefit costs.  The actual fringe assessment will not be adjusted.
2. Mitigation awards will be transferred to departmental chartstrings and will cover documented increases in fringe costs for FY2012-13 only.  For awards that expire before June 30, the mitigation award will be prorated, if necessary.

*How to Submit a Request*.  All mitigation requests and appeals should contain the following information:

1. The award identifiers, including award number and chartstring.
2. The award start and end dates.
3. The award total and annual budget.
4. The Principle Investigator (PI) name, department and email address.
5. The research administrator contact information, including email and department.
6. If an appeal, a narrative that describes in detail the rationale for an exception to policy.
7. All requests should be emailed to Paula Milano at pmilano@berkeley.edu.

All requests will be reviewed by the OCFO for conformity to the program.  If the request complies with the program parameters, the request will be automatically approved, a confirming email transmitted to the PI and the appropriate research administrator, and a fund transfer initiated for the mitigation amount.  Requests that do not conform to the program guidelines will be returned without funding and an email will be sent to the PI and the research administrator with a description of the reason(s) for return.  A PI may appeal a decision, but all appeals must be filed within 30 calendar days of the return of the request.