UC DAVIS
BUDGET AND INSTITUTIONAL ANALYSIS

DRAFT--ISSUE REPORT January 18, 2012

Campuswide Benefit Decentralization
2012-13 Implementation Process

TERMINOLOGY

Unless otherwise stated, the term **unit** is intended to refer to the primary campus organizational units that are led by a dean, vice provost or vice chancellor. Consistent with how funding will be allocated for the incentive-based budget model, benefits will be allocated at the highest level. There is no expectation that funds be distributed to departments using the same methodology that drive allocations to the schools, colleges and divisions.

The phrase, **central benefit pool**, refers to the mechanism by which the allocation for employee benefit costs for certain employees are centrally funded and managed. More information on this is provided in the background section below.

Tuition remission refers to the funding allocated to units to pay for a portion of the tuition for graduate students who have teaching assistant appointments. The relationship of tuition remission to benefit decentralization is discussed in more detail below.

As used in this paper, the term **employee benefits**, refers to the cost of specific benefits paid by the university for its employees. The type of benefit costs include: OASDI, Medicare, Workers Compensation, Unemployment Insurance, Employee Support Services, Disability Insurance, Retirement, Medical and Dental Insurance, Life Insurance, and other post-employment benefits.

The terms **leave accrual and leave usage** refer to a process by which the cost of employee leave is accounted for in the university financial system. The relationship of leave accrual and usage with benefit decentralization is discussed in more detail below.

BACKGROUND: CENTRAL BENEFITS POOL

Current UC Davis policy funds benefits for “core funded salaries” through a central benefits pool. For purposes of this pool, core funded salaries are those that are paid out of an account that meets certain criteria for funding source (as determined by OP Fund) and function (as determined by the Higher Education Function Code). The majority of these accounts are those funded from a combination of state support and student tuition (“199XX” funds), however there are also some accounts with student fees and certain federal contracts and grants that are eligible for central benefit pool funding. Attachment 1, “Benefit Account Eligibility and Central Account Funding Matrix” identifies the accounts currently eligible for central benefit funding.

Under this policy, the base budget for benefits associated with these salaries is held centrally and automatically allocated to campus units on a monthly basis as benefit costs are incurred.

As a result, the base budgets of campus units do not truly reflect the full operating cost of those units; or, expressed another way, the full spending authority units receive from core general fund and indirect cost budgets is understated. Additionally, this policy provides campus units with an incentive to put as many salaries as possible on these funding sources.

Currently, from a technical perspective, unit accounts are debited for the amount of employee benefit costs (primarily health and retirement) associated with their payroll expenses. On a monthly basis, funds are automatically allocated from a central account in the pool, in the amount necessary to cover these expenses. The central benefits pool mechanism is also used to distribute funds related to graduate student fee remission. The benefit decentralization discussed in this paper addresses the campus funded employee benefit aspects of the pool mechanism.

BACKGROUND: PROFESSIONAL SCHOOLS

Beginning in 2011-12, graduate professional schools are expected to reduce their reliance on state support while retaining student tuition and self-supporting revenue for direct support of the school. Directly maintaining the tuition revenue generated through student enrollment provides these schools with further autonomy to manage their revenues and fee levels to meet school priorities. It also provides the incremental benefit of future tuition and enrollment increases. This change in budgeting methodology was applied to the School of Medicine, School of Veterinary Medicine, School of Law, and Graduate School of Management beginning in fiscal year 2011-12.

In spring of 2011, these four professional schools were given the option of decentralizing benefits beginning in the 2011-12 fiscal year, a year earlier than planned for full campus decentralization. This was done in part to pilot the process for this campuswide change, and in part because it was consistent with the change in budgeting methodology for these schools. The School of Veterinary Medicine, Graduate School of Management, and School of Law took part in this process. At that time the methodology used for decentralizing benefits was developed and documented in a separate issue paper. That experience informs much of the methodology that will be outlined in this paper.

BACKGROUND: INCENTIVE BASED BUDGET MODEL

Beginning in fiscal year 2012-13, campus will implement an incentive-based budget model. Incentive-based budgets are designed to allocate revenue (typically tuition and indirect cost funds) directly to the deans and vice chancellors responsible for generating those revenues. As the number of students, tuition and research grows, the allocations will reflect the increases in revenue. The budget will also include an assessment that will be used, along with state unrestricted funds, for strategic reinvestments in colleges and schools and to support central academic support units (e.g., the library) and administrative services. As the campus makes this transition, the following over-arching principles inform the decisions to be made on specific aspects of the budget model.

1. Establish a sustainable funding model with incentives that advance the Vision of Excellence and the 2020 Initiative.
2. Advance and encourage campus strengths and priorities such as interdisciplinary scholarship and internationalization, as well as boost economic development.
3. Be transparent, linking authority with accountability.
4. Be as simple as possible to understand, administer and implement; rely on common and easily available data sources.
5. Encourage creativity and responsible risk-taking while providing for reasonable reserves and oversight.
6. Balance local autonomy with a strong sense of unity in vision and values.
7. Provide mechanisms for investments in fresh ideas at all levels.
8. Provide for reasonable transitions and bridging strategies.

OTHER ISSUES RELATED TO THE CENTRAL BENEFITS POOL

Tuition Remission for Graduate Students

In addition to health and retirement benefits for employees, historically the central benefits pool has allocated some funding for tuition remission for graduate students who qualify for this type of support. While technically operating under the same mechanisms as employee benefits, the reasons for managing tuition remission in a centralized manner and incentives created by this practice are different than those for described above for employee benefits, and changes to this practice will require significant policy considerations that are unrelated to the decentralization of employee benefits addressed in this paper. As part of the planning associated with the transition to the new budget model, a separate analysis will be done to address issues related to graduate students and graduate student support, including fee remission. However, for purposes of this paper, tuition remission is not included in the decentralization of employee benefits. Tuition remission transactions can be separately tracked in campus financial systems and will not be affected by the process by which employee benefit decentralization will occur.

Leave Accrual and Usage Tracking

Benefit leave assessment and usage will be treated consistent with the procedures establishing by Accounting and Financial Services (AFS). These assessments are not included in the composite fringe benefit rate and will not be part of the benefit allocation received under decentralization. More information on how benefit leave assessments are being treated with the implementation of composite rates is available on the AFS website under Costing Policy & Analysis/Composite Benefit Rates located at:

http://accounting.ucdavis.edu/doc_help/labor/composite_benefit_rate/index.cfm?opt=4

Treatment of Vacant Positions

It is recognized that the methodology described below will not account for changes in staff hiring between 2011-12 and 2012-13. Since 2011-12 data will be used as a base for determining benefit allocations, benefit funding for specific positions that are vacant in 2011-12, but are later filled, will not be provided. It is generally assumed that vacant staff positions are part of the normal "turnover" within a unit and that vacancy rates will be similar in future years. To the extent that this causes a particular hardship for an operational unit within a College, School, or Administrative unit, Deans and Associate Vice Chancellors have the discretion to allocate benefits as needed across the organizational units under their purview. Conversely, if there are future staff reductions due to budget cuts, efficiencies, or changes in program operations, central campus will not expect to recoup the benefit funds associated with positions that are eliminated or held vacant.

In the case of faculty FTE, it is anticipated that the future allocations of faculty positions from the Provost will consider salary and benefit costs.

Treatment of Indirect Cost Funds Currently in the Central Benefits Pool

The central benefits pool currently includes the following OP funds that are derived from indirect cost return (ICR) revenue: 19980, 19920, and 69750. The incentive-based budget model will decentralize and distribute ICR revenue to the unit level through a different process. As such, the benefit decentralization process discussed in this paper will exclude distribution of these funds.

RATIONALE FOR EMPLOYEE BENEFIT DECENTRALIZATION

Continuing to provide centralized benefits for some categories of funding seems inconsistent with the incentive-based budget model for several reasons:

- The true level of support for each unit should also reflect all benefit costs, more clearly linking authority with accountability.

- The incentive to keep salaries on (primarily) state funds in order to receive benefit funding from the central pool is inconsistent with the effort to provide greater flexibility and accountability to use an "all funds" approach to managing unit resources.

- As campus units have more autonomy and opportunity for creativity and responsible risk-taking, the full cost of decisions involving staff and faculty hiring and salary levels should be aligned and transparent at the unit level. The current system dampens the full impact of these decisions at the unit level while driving central costs that are mandatory based upon the unit-level decisions.

The following recent changes in state, University, and campus budgeting and administrative practices made it technically viable and desirable to decentralize benefits:

- The Office of the President funding streams initiative allows campuses to directly retain revenue generated by campus activities including fee, tuition, and research indirect cost funds. Campuses will, for the first time, be keeping virtually all revenues on campus. This change enabled the campus to implement the change in budgeting for professional schools in 2011-12 and will allow for the transition to an incentive-based budget model in 2012-13.

- In 2011-12, campus began using composite benefit rates, an average of all eligible benefits applicable to an employee group. Historically, campus paid benefits on an individual basis, whereby the actual cost of benefits was driven by each employee's use of the benefits that he or she was eligible to receive. This change decreases administrative burden and reduces the risk of under recovering funds from sponsored projects. It also makes budgeting for benefit costs on a unit by unit basis simpler, negating some administrative reasons for having a central pool. Additionally, the use of composite rates allows us to calculate the cost of benefits, for purposes of decentralization, for categories of employees, rather than at the individual level.

- Historically, the state provided funding to the University for incremental benefit increases associated with state-funded employees, which provided a direct incentive for campuses to encourage units to fund salaries on 199XX funds. In recent years, the state stopped providing these increases; therefore, it is increasingly necessary to use other sources of support for salary and benefit costs. Moving to decentralized benefits will shift the incentive so that units will be more likely to diversify the type of funding that is used for salaries and benefits.

It may be argued that benefit decentralization will shift administrative workload from central campus to the units. However, campus units already have a process for managing benefits associated with other fund sources which is made easier by the move to composite benefit rates. In the short-term, we acknowledge that there may be increased workload associated with the transition and Budget and Institutional Analysis (BIA) and AFS will provide planning information and modeling tools to facilitate this transition.

FUTURE BENEFIT RATE INCREASES

Projected Composite Benefit Rates

The composite benefit rates are developed by AFS based on federal guidelines, and must be adjusted and approved by the federal government on an annual basis. Currently the campus has approved rates set through fiscal year 2012-13. For planning purposes, AFS also provides projected rates through fiscal year 2016-17. These projected rates are provided as Attachment 2. Additional detailed and updated information on composite benefit rates is maintained on the AFS website.

Options for Funding Future Rate Increases

Historically, central campus has been responsible for funding the cost of benefit increases paid out of the central pool. When the state provided funding for increased benefit costs, the pool received the appropriate share of these allocations. However, in recent years these cost increases were funded through a share of increased tuition and/or campuswide budget cuts that were allocated across campus units. The state budget continues to have shortfalls and costs of employee benefits continue to rise. It can reasonably be expected that the University will need to continue to find non-state sources to support benefit cost increases for the foreseeable future.

Once benefit decentralization has occurred and the new budget model is implemented, the responsibility for funding benefit increases will rest primarily with the individual campus unit. The primary options available to units to fund these costs will be:

- *Increased Revenue*—Possible sources of revenue include: State allocates new resources; Regentally approved tuition increases; or growth in enrollment or research activity. A portion of this increased revenue could be used to offset benefit rate increases.

- *Expenditure Reductions*—In the event that fixed cost increases, including benefits, occur at a higher rate than revenue growth, units could use expenditure reductions to cover these costs.

- *Request for Increased Provost Supplement*—In the event that neither increased revenue nor expenditure reductions are sufficient to address increased benefit costs, a unit could use the campus budget process to request increased provost supplement funding.

- *Shifting Employee Costs to Different Fund Sources*—In some cases, decisions to shift employee costs to other fund sources may improve access to funding for benefit rate increases. This should only be done as appropriate, taking into consideration the employee activities and any rules associated with the use of these fund sources.

In the event that state funding specifically for benefit increases is restored, the campus would allocate funds received to the unit level.

CONSIDERATION OF THE FISCAL YEAR FOR WHICH BASE BENFIT FUNDING WILL BE ALLOCATED

In developing the methodology for calculating the base benefit funding to be allocated to each unit, an initial determination about which year of benefit rates should be used is necessary. Depending upon the employee group, the difference in rates between fiscal years 2011-12 and 2012-13 ranges from 0-4.5 percent of salary expenses. The scenarios described below are under consideration. It should be noted that both scenarios assume that a current year and base budget salary level will be established for the year that the funds allocated are expected to address.

<u>Scenario 1:</u> *Base funding is allocated in an amount comparable to the full year cost of benefits at the 2011-12 rates and final salaries.*

Under this scenario, the level of funds received as a result of benefit decentralization would be sufficient for a unit to cover the full-year cost of benefits as of 2011-12. However, holding all other factors constant, the unit would begin the year with insufficient funds to cover the cost of benefits at the 2012-13 rates. The unit would be expected to cover these costs internally without additional central campus funds. In this scenario, benefit decentralization funds would likely be provided in one allocation early in the fiscal year since these costs would be known based on prior year data.

<u>Scenario 2:</u> *Base funding is allocated in an amount comparable to the full year cost of benefits at the 2012-13 rates and final salaries.*

Under this scenario, the level of funds received for 2012-13 would be sufficient for a unit to cover the full year cost of benefits at the 2012-13 rates. The unit would be able to operate in that year without making internal adjustments to fund changes in benefit costs due to the rate increase. However, central campus would likely fund the increase in benefit rates through campuswide budget reductions, as has been done in recent years to fund increased costs to the benefit pool. At this time it is not clear if these budget reductions would be consolidated with other potential budget reductions due to reductions in state support. Additionally it is not clear how the allocation of these cuts would occur across campus units. As in Scenario 1, units would still experience budget reductions, but they would be imposed as part of a campuswide reduction process rather than internally. The funds for this allocation would likely be provided in two allocations because final 2012-13 employee salary changes that occur as a result of bargaining and merits will not be known until later in the fiscal year. This scenario is similar to the methodology used to implement benefit decentralization in three professional schools during 2011-12.

Based on initial conversations with Assistant Deans, it is anticipated that Scenario 2 is preferred by campus units. This scenario would give units more time to implement any necessary system changes and prepare their departments for this shift in responsibility. The methodology outlined below will take into account both scenarios so that the final decision can consider an estimated magnitude of the difference between these scenarios at the unit level. Providing estimates for both scenarios will also provide more information, earlier in the year, for units to use for planning purposes.

METHODOLOGY FOR CALCULATING BASE BENEFIT FUNDING

Phase 1: Developing Preliminary Estimates of Benefit Costs for Planning Purposes

This phase will focus on estimating the level of benefit funding each unit will receive from the benefit pool in 2011-12 and 2012-13 based on current data. This phase is aimed at providing campus units with preliminary planning data so that there will be opportunity for units to assess the implications of this change. It is our expectation that the result of this phase will be estimates of salary and benefits expenses based on employees currently paid from accounts that are eligible to receive benefit pool funding. This data will be rolled up to the Dean or Associate Vice Chancellor level, by fund type currently received from the pool, and if technically possible, by account.

To do this, we propose to use the following methodology:

Step 1: Estimate the 2011-12 benefits expenses that will accrue to the central pool, and the total salary expenses upon which these are based.

This will be based on actual salary and benefits expenditure data for individuals paid from OP funds and accounts that received central benefits pool funding for the period of July 1, 2011-January 30, 2012. The remaining five months of the fiscal year will then be estimated based on the actual salary expenditures for January 2012 multiplied by the appropriate composite benefit rate.[1] In most cases, using a snapshot of the January salary expenditures will account for the negotiated and merit-based adjustments that occurred for employees during the first six months of this fiscal year. However, there are several groups of employees who will be receiving salary adjustments later in the fiscal year. In these instances, adjustments to the base salary data will be made to account for these increases. This estimate will result in a close approximation of the current year costs of benefits at the current rates, by unit and fund type.

Step 2: Estimate the full-year cost of 2011-12 salaries and benefits.

This step will determine the base cost of benefits if the cost of all salary increases implemented during 2011-12 were annualized. If benefit funding is allocated based on the timing discussed above in Scenario 1, then this amount would be a close approximation of the level of funding that units would be allocated for benefit decentralization beginning in the 2012-13 fiscal year.

Step 3: Estimate the cost of providing benefits to the same employees in 2012-13.

Using the full-year cost of 2011-12 salaries developed in Step 2, this step will adjust these salaries based on any known increases to take effect in fiscal year 2012-13 and apply the 2012-13 composite benefit rates to these adjusted salary levels. This estimate will not include any assumptions about salary increases due to faculty or non-represented employee merits, or changes to salaries for unionized employees who may be bargaining during the 2011-12 and 2012-13 fiscal years. If benefit funding is allocated based on the timing discussed above in Scenario 2, then this amount would be a close approximation of the current level of funding that units would be allocated beginning in the 2012-13 fiscal year. While base level funding for 2012-13 could also be calculated for 2012-13, similar to the methodology used to calculate this for 2011-12 in Step 2, for purposes of Phase 1 this is not necessary.

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[1] In some cases, when applying benefit rates, it may be necessary to analyze individual employee data to identify individuals who have a salary exceeding the cap indicated for purposes of applying benefit rates (i.e. Health Compensation Title Codes with total salaries over/under $200,000 have different rates).

Step 4: Identify the incremental increase in total benefit costs between 2011-12 and 2012-13.

This step will determine the dollar value change in benefit costs by calculating the difference between the 2011-12 base benefit funding calculated in Step 2 and the 2012-12 current benefit funding calculated in Step 3. This amount would be a close approximation of the level of cuts that either the campus or units would need to make in order to fund the majority of benefit increases for 2012-13, if everything else is held constant.

Phase 2: Developing Final Allocations for Distribution of Benefit Funds

The methodology outlined in this phase would be used to determine the final allocations that units would receive to decentralize benefits. The general principles of this methodology are the same as those described for Phase 1. However, there are some adjustments since this phase would be completed after the end of the 2011-12 fiscal year.

Step 1: Identify the actual salary and benefit expenditures for 2011-12 that are associated with accounts that received central benefits pool funding.

This will be based on actual salary and benefits expenditure data for individuals paid from OP funds and accounts that received central benefits pool funding for the period of July 1, 2011-June 30, 2012.

Step 2: Calculate the full-year cost of 2011-12 salaries and benefits.

This step will determine the base cost of benefits if the cost of all salary increases implemented during 2011-12 were annualized. If benefit funding is allocated based on the timing discussed above in Scenario 1, then this amount would be level of funding that units would be allocated to decentralize the benefits pool beginning in the 2012-13 fiscal year.

Step 3: Calculate the cost of providing benefits to the same employees in 2012-13.

Using the full-year cost of 2011-12 salaries developed in Step 2, this step will adjust these salaries based on any <u>known</u> increases to take effect in fiscal year 2012-13 and apply the 2012-13 composite benefit rates to these adjusted salary levels. This calculation will not include any assumptions about salary increases due to faculty or non-represented employee merits, or changes to salaries for unionized employees who may be bargaining during the 2012-13 fiscal years. If benefit funding is allocated based on the timing discussed above in Scenario 2, then this amount will be the initial level of current level of funding that units would be allocated to decentralize the benefits pool beginning in the 2012-13 fiscal year. Steps 5 and 6 will discuss a process for making a second allocation to address the benefit costs based on other salary changes that occur during 2012-13 and annualizing these costs.

Step 4: Identify the incremental increase in total benefit costs between 2011-12 and 2012-13.

This step will determine the dollar value change in benefit costs by calculating the difference between the 2011-12 base benefit funding calculated in Step 2 and the 2012-13 current benefit funding calculated in Step 3. This amount would be the level of cuts that either the campus or units would need to make in order to fund the majority of benefit cost increases for 2012-13, if everything else is held constant.

Step 5: Calculate the increased benefits costs associated with incremental salary increases that occur during 2012-13 that were not known at the time Step 3 was completed.

Since Step 3 would only be based on known salary increases at the time it is calculated, later in the year, it will be necessary to identify additional benefit costs associated with these changes. The types of salary changes that would be expected to drive these additional costs are:

- Increases due to the normal faculty merit cycle that are effective July 1, 2012 (this data is not likely to be finalized and available for all eligible faculty until at least part way through the Fall quarter.
- Increases due to any merit programs implemented.
- Increases due to represented employees who have a contract that expires before or during the 2012-13 fiscal year.

If benefit funding is allocated based on the timing discussed above in Scenario 2, then this amount will be provided as a second allocation to units to account for the actual current costs of decentralizing benefits in 2012-13.

Step 6: Calculate the full-year cost of 2012-13 salaries and benefits.

Using the data for the for the final current year allocations identified in Step 5, this step will determine the base cost of benefits if the cost of all salary increases implemented during 2012-13 were annualized. If benefit funding is allocated based on the timing discussed above in Scenario 2, then this amount would be level of funding that units would be allocated to decentralize the benefits pool beginning in the 2012-13 fiscal year.

OUTSTANDING DECISIONS TO BE MADE PRIOR TO IMPLEMENTING EMPLOYEE BENEFIT DECENTRALIZATION

This section lists decisions, some technical and some policy, that will need to be made prior to finalizing this process. It is expected that the consultation process with units will assist us in resolving these issues and may also raise additional issues to be considered.

- Which fiscal year will we fund benefits associated with (Scenario 1 or 2)?
- Do allocations flow lump-sum or through scrubber to current accounts? Can we give units the option?
- Need to identify any differences between final methodology and what was done for professional schools last year and fit up as needed.

PROCESS AND TIMELINE FOR DECENTRALIZING BENEFITS

The following is the process and timing that will be required to implement benefit decentralization campuswide.

Action #	Action	Estimated Timing	Unit Responsible
1	Complete Phase 1 estimates and distribute to campus units for review and planning purposes.	March 2012	BIA
2	Review Phase 1 estimates and provide feedback on methodology as needed.	April-May 2012	Schools, Colleges, and Administrative Units
3	"Turn off" central benefit pool allocation process for employee benefits.	To be effective for July 2012 pay period.	BIA will work with AFS
4	Complete Phase 2, Steps 1-4, calculations and provide initial estimates of base benefit funding allocation to campus units for review and input.	By end of July 2012 (timing depends upon availability of June payroll data).	BIA
5	Review initial estimates of base benefit funding allocations and provide feedback.	Within week of receipt.	Schools, Colleges, and Administrative Units
6	Finalize base benefit funding allocation amounts.	By end of August 2012.	BIA
7	Provide account(s) that funds should be distributed to.	By end of August 2012	Schools, Colleges, and Administrative Units
8	Make base allocations to campus units and decrease benefits pool.	By end of August 2012 or when account information is received from campus units.	BIA
9	Allocate base benefit funding to appropriate accounts.	To be determined by campus unit or may be done through use of "scrubber" during allocation.	Schools, Colleges, and Administrative Units
11	If the Scenario 2 timing is used, complete Phase 2, Steps 5 & 6 to determine the incremental benefit increase associated with any employee	Determined by outcome of labor negotiations. Probably will not	BIA, will consult with affected campus units as needed.

Action #	Action	Estimated Timing	Unit Responsible
	groups that have a new salary change effective during fiscal year 2012-13 that is not included in the original allocation.	address this until Spring 2013 at the earliest.	
12	Repeat Actions 5-7 above to review and distribute allocations.	June 2013 (earlier if possible.)	See actions 5-7 above.

This process will not require campus units to make any changes in how they process payroll for employees. Benefit costs will continue to accrue in the appropriate account under object consolidation SUB6. However, during the period between July 1, 2012 and when the base benefit allocation is made by central campus and distributed to the appropriate accounts, there will be a deficit in SUB6 because the automatic allocations from the central benefit pool will no longer occur. Once allocations are made campus units will be able to distribute the funding to resolve the deficits.

RESOURCES

Information on Composite Benefit Rates

http://accounting.ucdavis.edu/doc_help/labor/composite_benefit_rate/index.cfm

Information on Leave Accrual and Usage

http://accounting.ucdavis.edu/doc_help/labor/composite_benefit_rate/index.cfm?opt=4

Information on Central Benefits Pool Accounts

http://accounting.ucdavis.edu/doc_help/labor/composite_benefit_rate/accts_eligible_benefits_funding.cfm

http://budget.ucdavis.edu/resources-for-our-clients/documents/benefits/

Information on Incentive Based Budget Model Implementation

http://budget.ucdavis.edu/budget-planning

Information on Employee Salary Changes

http://www.hr.ucdavis.edu/policies

Attachment 1

Benefit Account Eligibility and Central Account Funding Matrix

Fund/HEFC combinations where the area is shaded and without an account number are not eligible for central benefit funding

			Higher Education Function Code (HEFC)							
Chart	OP Fund	Fund Name	INST	ORES/OAES	PBSV	STAC	INSP	ACAD	MOPP	LIBR
3	19900	General Funds	3-4099991	3-4499991	3-6299991	3-6899991	3-6699991	3-4399991	3-6499991	3-4399991
3	19902	Gen - Medical Residents	3-4099982							
3	19903	Gen - Student Affirmative Action	3-4099992		3-6299992	3-6899992		3-4399996		
3	19904	Gen - Undergrad Teaching Excellence	3-4099993	3-4499992				3-439999A		
3	19905	Gen - Instructional Equipment	3-4099994							
3	19906	Gen - Instructional Use of Computers	3-4099995					3-4399997		
3	19907	Gen - Microelectronics Research		3-4499993						
3	19909	Gen - Toxic Substances Research		3-4499995						
3	19910	Gen - Geriatrics Research	3-4099996	3-4499983				3-4399993		
3	19911	Gen-Multi Campus Research Program		3-4499911						
3	19915	Biotechnology Star Project		3-4499915						
3	19920	Gen ICR - Faculty Research	3-4099987	3-4499998						
3	19924	Academic Outreach Programs			3-6299994	3-6899995	3-669993	3-4399999		
3	19980	Gen ICR - General	3-4099990	3-4499999			3-6699994	3-4399987		
3	20000	Registration Fees	3-4099997		3-6299996	3-6899994	3-7299992	3-4399994		
3	69750	Federal Contracts & Grants-Off The Top	3-4099988	3-4499997			3-6699992			
S	19900	General Funds	3-4099991	3-4499991		3-6899991				
S	19902	Gen - Medical Residents	3-4099982							
S	19906	Gen - Instructional Use of Computers	3-4099995					3-4399997		
S	19910	Gen - Geriatrics Research	3-4099996							
S	19911	Gen-Multi Campus Research Program		3-4499911						
S	19924	Academic Outreach Programs			3-6299994		3-669993			
S	19980	Gen ICR - General		3-4499999			3-6699994			
S	69750	Federal Contracts & Grants-Off The Top	3-4099988	3-4499997			3-6699992			

Attachment 2
UC Davis Composite Fringe Benefit Rates
Approved and Projected Rates
As of November 1, 2011

Retirement Eligible		Federally Approved FY 2011-12 Rate	Federally Approved FY 2012-13 Rate	Change	* Projected FY 2013-14 Rate	* Projected FY 2014-15 Rate	* Projected FY 2015-16 Rate	* Projected FY 2016-17 Rate
A	Healthcomp Faculty over $200K	14.7%	16.6%	1.9%	18.4%	19.7%	21.1%	22.5%
B	Healthcomp Faculty, Physicians, Physician Assistants, LAW and GSM Academic Senate & Nurses	23.5%	26.4%	2.9%	29.1%	31.2%	33.3%	35.5%
C	Academic Senate, MSP, Academic Assistant and Associate Researchers, Other Academic Appointments (99), Ag Experiment Station, Fire and Police	27.0%	30.3%	3.3%	33.3%	35.7%	37.4%	39.7%
D	All Other Employees	40.2%	44.2%	4.0%	48.0%	51.1%	54.2%	56.7%
E	Service Professionals	54.1%	58.6%	4.5%	63.0%	66.8%	70.6%	74.5%
Non-Retirement Eligible								
F	Postdoc Employees	19.5%	20.1%	0.6%	20.7%	21.2%	21.8%	22.5%
G	Grad & Undergrad Students	1.3%	1.3%	0.0%	1.3%	1.3%	1.3%	1.3%
H	Research Allied Professionals, Clerical, Research Support, Service and Technical	9.1%	9.5%	0.4%	10.0%	10.4%	10.9%	11.4%
I	All Other Employees	2.9%	2.9%	0.0%	2.9%	3.0%	3.0%	3.0%
Other Rates								
J	Healthcomp Bonus Payments	4.1%	4.1%	0.0%	4.1%	4.1%	4.1%	4.1%

*** Projected rates are for budgeting purposes only. The rates will be adjusted and approved by the federal government on an annual basis.**
Detailed rate information by title code is available at: http://accounting.ucdavis.edu/doc_help/labor/composite_benefit_rate/index.cfm