

## **BENEFITS**

Academic Affairs decentralized the benefit pool in 2016/17. The EVC now provides budget allocations for employee benefits along with every salary allocation. The benefits allocated are a percentage of the salaries allocated.

Current percentage rates for allocating benefits to departments and units under Academic Affairs are the following:

Faculty (Sub 0 Staffing): 35%

Lecturers (Temp FTE): 32%

Staff (Divisional Support Model and Sub-1 Staffing): 45%

TA (TA Allocation): 2%

### **Faculty (Sub 0 Staffing):**

- The Faculty benefits are for ladder-rank faculty holding an FTE and a part of the Sub-0 Staffing Reports.
- Effective fiscal year 2017-18, departments and units within Academic Affairs receive allocations for Faculty benefits associated with every Faculty salary action. The Faculty salary actions include Faculty appointments, merit increases, range increases, Career Milestone Awards (CMSI) and Spot Compression Awards. Benefits are drawn off for Faculty separations and salary corrections. The allocations are on a current and permanent year basis and provided to each department and unit.
- The EVC provided the base allocation for Faculty benefits as of the October 2016 Sub-0 Staffing Reports. The base allocations went to the Divisions, and each Division transferred those benefit funds out to their departments and units. If Divisions transferred only current year funds in 2016-17, the Divisions will be transferring the same base benefit allocations to their departments and units for 2017-18. The new allocation will include both current and permanent year funds. Furthermore, the EVC captured all the benefits associated with Faculty salary appointments, separations and salary changes from November 2016 through June 2017. In January 2018, the EVC provided the sum of the current and permanent year benefit allocations to each department and unit.
- Departments and units will have permanent and current year benefit allocations for their Faculty. The permanent allocations will be re-appropriated in the next fiscal year.

### **Lecturers (Temp FTE):**

- Departments and units receive the benefit allocations for Lecturers (Temp FTE) along with the salary allocations for Lecturers (Temp FTE).
- The allocations are current year only.

### **Staff on the Divisional Support Model:**

- Departments and units under the Divisional Support Model receive the benefit allocations for Staff at 45% of the salary allocated from the Divisional Support Model calculations.

- Divisions provide the salary and benefit allocations for Staff to each of their departments and units.
- Current year benefit allocations are provided with current year salary allocations. Permanent benefit allocations are provided with permanent salary allocations.
- The Divisional Support Model funding may not match the funding in the Sub-1 Staffing Reports or Permanent Budget Reports.

**Staff on the Sub-1 Staffing:**

- Departments and units outside the Divisional Support Model received benefit allocations for Staff based on their total permanent Sub-1 Permanent Budget as of October 2016.
- The EVC provides incremental benefit funding for campus-wide merit and range increases.
- Departments and units need to cover the incremental benefit allocations for Staff equity increases and new FTE positions created within an existing budget.

**TA (TA Allocation):**

- Departments and units receive the benefit allocations for TAs (TA Allocation) along with the salary allocations for TAs.
- The allocations are current year only.

**Ad-Hoc Allocations:**

- Departments and units receive benefit allocations along with all ad-hoc salary allocations from the EVC.
- Departments and units may receive a block allocation from the EVC. Departments and units will need to cover any benefit costs from the block allocation. The EVC will not transfer additional funds to cover benefit costs.

**Faculty Salary Exchange Program (FSEP):**

- Faculty receive benefit allocations at 35% of their released salary under the Faculty Salary Exchange Program (FSEP).
- Departments and units are responsible for allocating the FSEP benefits to the individual Faculty indices.

**Reconciliation/True Up**

- The EVC processes a true up for each department and unit at the end of the fiscal year.
- Effective fiscal year 2017-18, the EVC will process the true up by adjusting the benefit allocations for each department to match the actual departmental rates for Faculty, Lecturers, TAs and Staff.
- The true up will be current year funds only.
- The actual benefit rate will calculate the percentage of benefits to salary charged for Faculty, Lecturers, TAs and Staff. The calculation will not include any Vacation Leave Accrual.
- Divisions will inform the EVC on amount of Divisional Support Model, Lecturers and TA funding provided to each of their departments and units.
- Examples:

- Department A has a 37% departmental benefit rate for Faculty and received \$835K from the EVC/Division for Faculty salaries. The \$835K includes an initial allocation of \$750K plus a net new increase of \$85K funding. The EVC will provide an additional 2% benefit funding on the \$835K Faculty salary allocation for \$16,700 ( $\$835K \times 2\%$ ). The additional \$16,700 will be current year only and post in June 2018. The permanent budget for benefits will not change.
- Department B has a 28% departmental benefit rate for Lecturers and received \$400K from the EVC/Division for the Lecturer salaries. The EVC will draw off 4% benefit funding on the \$400K Lecturer allocation for \$16,000 ( $\$400K \times 4\%$ ).
- Department C has a 50% departmental benefit rate for Staff. They received \$750K for Staff through the Divisional Support Model and \$25K for an Ad-Hoc Staff Salary allocation. At the end of the fiscal year, Department C has \$850K in Sub-1 Salary expense.
  - The EVC will provide an additional 5% benefit funding on the Divisional Support Model allocation and on the Ad-Hoc Salary allocation. The EVC will provide an additional \$38,750 in benefit funds ( $\$750K \times 5\%$  plus  $\$25K \times 5\%$ ).
  - Department C will cover the benefits for the Staff salaries exceeding the EVC/Division allocations. Department C would cover the benefits for \$75K Staff salaries ( $\$850K \text{ Salary Expense} - \$775K \text{ Allocations} = \$75K \text{ Staff Salaries}$ ).
- Important things to consider:
  - Departments and units need to cover benefits for employee costs exceeding allocations.
  - Departments and units may have benefit savings if they have salary savings.
  - Departments and units may need to cover above average benefits if they are spending carry forward funds on salaries.
  - The true up funding will be a debit or credit allocation to the benefit sub-6 category.