Welcome!

Marcia Smith
Associate Vice Chancellor for Research
Agenda

- **Welcome and Announcements** - *Marcia Smith*
  - ORA Move Update
  - December RAF Canceled

- **OCGA & CFS**
  - Composite Benefit Rates (CBR), Vacation Accrual Implementation & GAEL - *David Beckstrom, Corporate Financial Services*
  - CBRs – *Kathy Kawamura*

- **EFM** – *Yoon Lee*
  - General, Automobile, and Employment Practices Liability
  - New Fund Closeout Procedure
  - Visa Cost
ORA Move Update

• ORA is moving to a new location:

  10889 Wilshire Blvd, Suite 600-800
  Los Angeles, CA 90024

• Key Move Dates that Impact the Research Community

<table>
<thead>
<tr>
<th>Move Task</th>
<th>Start Date</th>
<th>Complete Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement of ORA servers to new location</td>
<td>5PM Friday, December 2\textsuperscript{nd}</td>
<td>5AM Monday, December 5\textsuperscript{th}</td>
</tr>
<tr>
<td>Movement of all ORA workspaces</td>
<td>5PM Thursday, December 22\textsuperscript{nd}</td>
<td>9AM Monday, January 3rd</td>
</tr>
</tbody>
</table>
To enable ORA to successfully move with minimal disruption to the research community, ORA will be closed for external business from Tuesday, December 20th – Thursday, December 22nd and January 3rd in addition to the holiday closure

Sponsored project needs during the closure:
- Proposals, awards, invoices, financial reports, sponsor/committee response requests, etc. that must be approved, submitted or executed between December 20th and January 4th, 2017 must be submitted to the appropriate ORA unit by December 12th 2016
Composite Benefit Rates (CBR) & Vacation Accrual Implementation
Background

- **UC’s Current Payroll System:**
  - Employee salaries charged to fund(s) on % of effort
  - Employee benefits charged to same fund(s) based on detailed rates (results in hundreds of rates)
  - Vacation accruals charged to same fund(s) utilizing complex formula until maximum accrual reached

- **UC Path:**
  - Employee salaries - No change
  - Employee benefits charged based on a CBR determined by a limited number of employee groups (Salary x Rate)
  - Vacation accruals charged based on simplified formula with no maximum
Background (cont.)

- May 2014 – Chancellors approved system-wide CBR model
  - Equity between campuses
  - 10 Employee Groups w/ option to create 4 campus specific groups or combine Employee Groups

- October 2015 – NIH Appeals Board Ruling upheld Cost Allocation Services decision not to allow salary cap for CBRs at UC
What is CBR?

- Pool employer-paid benefits instead of having many charges for individual benefits (taxes, retirement & health)
- Consistent method of charging benefit costs to all activities
- Rates based on Employee Groups
- Charged as a % to all components of pay except for certain bonuses, incentives & Z payments
- Overall cost of benefits won’t change for UCLA – continue to pay actual costs
- No change to employee-paid portion of benefits
What’s included in CBR?

- Medical & Dental Insurance
- Medicare & SDI taxes
- Post-Employment Health Benefits
- Pension & Other Retirement Contributions
- Worker’s Compensation Insurance

*What’s not* – Accrued vacation leave, Tuition remission, Grad Student Health, Sabbatical costs, GAEL
Other Research Universities

- Most large research universities utilize CBR for charging benefits to funds
  - Harvard – 10 rates
  - Caltech – 1 rate
  - USC – 3 rates
  - University of Wisconsin – 8 rates
  - University of Illinois – 6 rates
  - The Ohio State University – 7 rates
Vacation Accrual

• Goal – cover actual cost of vacation taken
• Current process undercharges
• Future changes
  - Simplify calculation
  - Three rates
    o Full Year Faculty
    o Accruing Staff & Non-Faculty Academics
    o Non-Accruing Staff & Academic Year Faculty
  - Charge continues despite individual’s vacation balance
CBR and Vacation Accrual Timing

- Communicating to Campus – September/October 2016 in time for grant proposals for FY18
- CBR Proposal to Federal Government - Jan. 1, 2017
- CBR Federal Negotiations complete by July 2017
- UC Path Go-Live August 2017
  - First paycheck September 1st (August payroll)
UCLA Implementation Strategy

Guiding Principles in mind…

Minimize Variations between Fund Groups

Simplicity

Consistency

UCLA looked for a solution that would…

Be Supportable by UC Path

Be More Manageable

Mitigate Potential Issues
# UCLA Employee Groups

<table>
<thead>
<tr>
<th>Group #</th>
<th>Employee Group</th>
<th>Preliminary CBR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Faculty Summer</td>
<td>5.0%</td>
</tr>
<tr>
<td>2</td>
<td>HCOMP Senior Faculty</td>
<td>24.0%</td>
</tr>
<tr>
<td>3</td>
<td>Faculty</td>
<td>30.9%</td>
</tr>
<tr>
<td>4</td>
<td>Other Academics</td>
<td>39.9%</td>
</tr>
<tr>
<td>5</td>
<td>Post Docs</td>
<td>30.9%</td>
</tr>
<tr>
<td>6</td>
<td>Staff Exempt</td>
<td>39.9%</td>
</tr>
<tr>
<td>7</td>
<td>Staff Non-Exempt</td>
<td>48.2%</td>
</tr>
<tr>
<td>8</td>
<td>Food-Custodian-Grounds</td>
<td>63.9%</td>
</tr>
<tr>
<td>9</td>
<td>Employees &amp; Students with Limited Benefits</td>
<td>5.0%</td>
</tr>
</tbody>
</table>
Mitigation Plan – General Funds

- Overall effect - reduction in benefit expense by $4.3M
- Expense swings (both positive & negative) between organizations and departments
- FY18 budget discussions will include
  - Organization & department changes due to CBR/Vacation Leave changes
  - Mitigation strategies for the organization
Mitigation Plan - Sponsored Awards

• Overall effect - increase in benefit expense by $2.8M
• Sponsored Award Mitigation Plan to offset impacts to existing awards
  - Mitigation for methodology change
  - Impact >5% and $10,000 of awarded direct costs
  - Available for FY2018 and FY2019
  - Committee to Review/Approve Mitigation
  - Awards approved for mitigation will transfer costs to mitigation plan funds
  - Industry Clinical Trials are exempt
Payroll Expense Report (Today)

<table>
<thead>
<tr>
<th>Category</th>
<th>Medicare Amount</th>
<th>Health Insurance Amount</th>
<th>Amnent Health Insurance Amount</th>
<th>Other Fringe Benefits Amount</th>
<th>Other Fringe Benefits Administration Amount</th>
<th>Life Insurance Amount</th>
<th>UCCE Amount</th>
<th>Workers Compensation Amount</th>
<th>Unemployment Insurance Amount</th>
<th>Dental Insurance Amount</th>
<th>Vision Insurance Amount</th>
<th>OPPR Amount</th>
<th>Employee Support Program Amount</th>
<th>Care Medici Insurance Amount</th>
<th>Care Life Insurane Amount</th>
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<tr>
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30+ Categories
# Distribution of Payroll Expense Report (UCPath)

## Distribution of Payroll Expenses (DOPE)

**Report Parameters:**
- **Time Period:** December 2015
- **Account Location Code:** M - UCOP UC PRESIDENT'S OFFICE
- **Business Unit:** UCOP1
- **Department:** xxx-STUDENT SERVICES

<table>
<thead>
<tr>
<th>Employee ID</th>
<th>Employee UCLA UID</th>
<th>Employee Name</th>
<th>Gross Salary</th>
<th>CBR</th>
<th>Leave Assessment</th>
<th>GAEL (EL)</th>
<th>GAEL (GL)</th>
<th>Other</th>
<th>Fringe Costs (Total)</th>
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<td>8.66</td>
<td>8.66</td>
<td>0.00</td>
<td>1,177.34</td>
</tr>
</tbody>
</table>

The report shows a breakdown of payroll expenses, including gross salary, CBR, leave assessment, GAEL (EL and GL), other expenses, and fringe costs for specific employees and departments.
Communication Plan

- Deans’ Council
- Academic Senate Leadership
- CAO/CFO Meeting
- Research Administrator Forum
- Research, Budget & CFS Web Sites
GAEL Assessment Change - FY17

• General Automobile and Employment Practices Liability (GAEL) Insurance Assessment

• UCLA GAEL Assessment Change Effective FY17:
  - GAEL charges will continue to be redirected to departmental unrestricted funds for Federal & Federal pass through sponsored funds
  - GAEL charges will be assessed to State and Local sponsored funds and will no longer be redirected

• Impact to State and Local Sponsored Funds
  - Existing Awards
  - Include GAEL in Proposal Budgets
Grant Updates

Research Administrator's Forum
November 10, 2016
General Liability Insurance
(Application for Proposals)

**Previous** (prior to 7/1/16)
GAEL was not assessed against federal, state, and local government awards.

**Current** (after 7/1/16)
Include GAEL on all state, local government, and non-profit proposals budgets unless federal flow through. (ie. federal proposals budgets or federal flow through proposals do not require GAEL. All other proposals should include GAEL.)
Composite Benefit Rate
(Application for Proposals)

Complete all **5** steps to ensure correct CBR category is identified

***Title Code Lookup***

https://www.finance.ucla.edu/composite-benefit-rate-assessment

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Map employee to Composite Benefit Employee Group based upon Title Code Link</td>
</tr>
<tr>
<td>2</td>
<td>IF DOS Code is equal to ACA or ACM or ACR or SSC THEN Reassign employee to the &quot;Faculty Summer&quot; group</td>
</tr>
<tr>
<td>3</td>
<td>IF Benefit Eligibility Level Indicator Assigned (BELIASI) does not equal 1 AND Standard Group is one of the following: Faculty, Other Academic, Staff, HICOMP Senior Faculty, Food-Custodian-Grounds THEN Reassign employee to the &quot;Employees &amp; Students with Limited Benefits&quot; group</td>
</tr>
<tr>
<td>4</td>
<td>IF Standard Group is equal to &quot;Staff&quot; AND Fair Labor Standards Act (FLSA) Status is equal to E (Exempt) THEN Reassign employee to &quot;Staff Exempt&quot;</td>
</tr>
<tr>
<td>5</td>
<td>IF Standard Group is equal to &quot;Staff&quot; AND Fair Labor Standards Act (FLSA) Status is equal to N (Non-Exempt) THEN Reassign employee to &quot;Staff Non-Exempt&quot;</td>
</tr>
</tbody>
</table>
Composite Benefit Rate
(Application for Proposals)

CBR + Vacation Accrual * = Total Fringe Benefit Rate

<table>
<thead>
<tr>
<th>Composite Benefit Employee Group</th>
<th>Composite Benefit Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty Summer</td>
<td>5.0%</td>
</tr>
<tr>
<td>HCOMP Senior Faculty</td>
<td>24.0%</td>
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<td>5.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY17-18 Vacation Leave Rate Group</th>
<th>Leave Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year Faculty</td>
<td>8.2%</td>
</tr>
<tr>
<td>Accruing Staff &amp; Non Faculty Academics</td>
<td>8.7%</td>
</tr>
<tr>
<td>Non-Accruing Staff &amp; Academic Year Faculty</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

* if allowable by Sponsor

Future Budget Years may include a 1% increase to the Total Fringe Benefit Rate
DECEMBER

Budgets 101
Wednesday, December 7, 2016
Kinross, Suite 210
9:30am-11:00 am

Do you have questions about budgets and budget related requests to sponsors? This session will discuss the basics of a budget, direct cost, exclusions, base, indirect cost, and F&A calculations. Further discussion will address the basic concepts of offset vs. carryforward, stipend vs. salary, effort vs. salary, cost sharing and rebudgeting requests. Experts from the department and EFM will be on hand, lending to the conversation.
RESEARCH ADMINISTRATION

Extramural Fund Management
November 9, 2016
Today’s Topics

- General, Automobile, and Employment Practices Liability (GAEL)
- New Fund Closeout Procedure
- Visa Cost
General Automobile Employment Practices Liability Insurance (GAEL)

Yoon Lee
GAEL: Practice Change

- Old Practice prior to July 1, 2016
  - GAEL expenses were not allowed to federal, federal pass through, state/local sponsored funds
  - GAEL expenses for these funds were set in FS to be redirected to a department unrestricted funding source

- Current Practice effective July 1, 2016
  - GAEL expenses are not allowed to be charged as direct cost for federal and federal pass through funds
    - GAEL are redirected to a department unrestricted funding source
  - GAEL expenses are allowed as direct cost to State/Local funds
    - GAEL-redirect discontinued effective July 1, 2016
GAEL: Implementation of Change

- No impact to federal and federal pass through funds
- State and local funds: Existing awards
  - GAEL was not included as a direct cost in the budget.
  - If rebudgeting is allowed by the sponsor and funds are available for GAEL, GAEL expenses may remain on the sponsored funds.
  - If rebudgeting is not allowed by the sponsor and/or project budget are not available for GAEL charges, department needs to move GAEL to a department unrestricted funding source.
    - Under the old practice, GAEL would have been redirected to a department unrestricted funding source. The same funding source can be used.
    - EFM is consulting with GA if redirecting GAEL can be arranged for this scenario to prevent on-going cost transfers.
GAEL: Implementation of Change

- New proposals for state and local awards
  - Factor GAEL in as a direct cost budget line item.
  - In accordance with UCOP Contract and Grant Manual Chapter 7-200: Types of Allowable Costs / 7-207 Insurance:
    - In developing any non-federal proposal budget, the General Automobile and Employment Practices Liability (GAEL) insurance assessment must be factored in as a budget line-item.
New Fund Closeout Procedure

Yoon Lee
New fund Closeout Procedure

- October 31, 2016, EFM announced that comment period is open to campus on a draft of the new fund closeout procedure until November 30, 2016.
- To view the document, visit the EFM website under “fund closeout / Resources / EFM procedures”.

- Your comments are welcome and appreciated: EFMOperations@research.ucla.edu
- EFM will refine the procedure and prepare FAQ based on comments received.
Visa Costs

Yoon Lee
Visa Costs

- Uniform Guidance (UG) includes revised cost principles for federal awards made on or after December 26, 2014.
- UCLA’s implementation of UG was presented at RAF in December 2014, including visa costs.
- Section 42. Recruiting costs under J. General provisions for selected items of cost in OMB circular A-21 was silent about visa costs.
- Allowability and applicability of visa costs were specified in the Uniform Guidance under §200.463 Recruiting costs.
Visa Costs

In accordance with §200.463 Recruiting costs in the UG,

(d) Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost. Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award.

For these costs to be directly charged to a Federal award, they must:

1) Be critical and necessary for the conduct of the project;
2) Be allowable under the applicable cost principles;
3) Be consistent with the non-Federal entity's cost accounting practices and non-Federal entity policy; and
4) Meet the definition of “direct cost” as described in the applicable cost principles.
Visa Costs

Other considerations:

- General cost principles are applicable to visa costs as all other allowable costs.
  - Visa costs must be reasonable, allowable under the applicable cost principles, and treated in a consistent manner regardless of funding sources.
  - If an employee’s effort is allocated to multiple projects, visa costs for the employee must be distributed to those projects in proportion to the effort.

- Premium processing fees, renewal application fees, or application fees for changes in visa types are not allowed.

- If the employee resigns for reasons within the employee's control within 12 months after hire, visa costs for the employee are no longer allowable and must be immediately removed from the federal sponsored project fund.
Visa Costs

Change to Restriction on the Object Code

- As a part of the assessment conducted by both EFM and CFS to evaluate restrictions on object codes are aligned with current rules, regulations, and industry standard, restriction on the object code for visa costs (3545) is determined to be changed from “allowable” to “warning.”

<table>
<thead>
<tr>
<th>Object code</th>
<th>Current Restriction</th>
<th>New Restriction</th>
<th>Object Code Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3545</td>
<td>Allowable</td>
<td>Warning</td>
<td>Visa Application-Outside legal service fee</td>
<td>Outside counsel to be hired only by OGC</td>
</tr>
<tr>
<td>3399</td>
<td>Unallowable</td>
<td>Unallowable</td>
<td>Costs of legal proceedings</td>
<td>Requires approval of campus counsel</td>
</tr>
</tbody>
</table>

- General Accounting Office is aiming to complete changes in the financial system and update object code website in November 2016.

- All visa costs will require appropriate supporting documentation to be remained on the sponsored project funds.
Visa Costs

To recapture:

- Before charging visa costs to federal sponsored projects, ensure allowability of visa costs by asking questions such as
  - Is this visa issued for a person who is critical and necessary for the conduct of the project?
  - Is this visa issued for a specific purpose and short-term period?
  - Can visa costs be clearly identified as directly connected to work performed on one specific project or multiple projects?
  - If visa costs are connected to multiple projects, are they being distributed to them in proportion to effort allocated to each project?

- As you conduct monthly reconciliation, if you discover visa costs charged on the federal sponsored project fund that do not meet the criteria to be allowable or do not have appropriate documentation in place to support, remove them from the fund timely upon discovery.
Contact information

EFM Website

http://ora.research.ucla.edu/EFM/

Yoon Lee

X40375

yoon.lee@research.ucla.edu