

# **Centralized Benefits Rules of the Road**

*\*\*Applies to Fund SL001 only\*\**

## **Central Benefit Pool Establishment - Implementation Year (FY2020/21)**

Benefit buy-in will be set at the amount budgeted for benefit costs in FY2020/21

The following exceptions apply:

- Position was budgeted for in FY2020/21 but subsequently eliminated to achieve cost reduction targets. It is the responsibility of departments to notify UBFP of these circumstances
- Benefit costs in FY2020/21 were underbudgeted through manual budget lines
- New, unbudgeted positions and position changes (e.g. salary increase) will require an additional buy-in over the FY2020/21 budgeted benefit amount at the incremental benefit rate
- Funding source was permanently changed – to SL001 resulting in an increase to the buy-in amount and away from SL001 resulting in a decrease to the buy-in amount

The following are not applicable exceptions:

- Changes in benefit elections made by employees during FY2020/21 will not be considered for changes to the buy-in amount, either up or down
- Temporary actions such as known vacancies, delaying hiring, and non-permanent allocations to or from SL001

Account 570905 will reflect the permanent buy-in amount transferred to the central pool

Account 570961 will reflect the one-time funding for benefit costs from the central pool and should equal the budgeted benefit cost amount in the budget plan

## **Buy In Actions - Subsequent of Implementation Year**

**Actions requiring additional buy-in to the pool:**

- Permanent Buy In:
  - New Position
  - IRP or other changes to positions resulting in an indefinite salary increase (and thus additional benefit costs)
  - Replacement with salary above position budget
  - Permanent transfer from another fund to SL001, either partially or wholly
  - Part Time conversion to Full Time
- One-Time Buy In:
  - Temporary positions that are not temporarily fulfilling the duties of a budgeted Regular position (where the central pool was paid into permanently for the Regular position that is vacant)
  - Temporary transfer from another fund to SL001, either partially or wholly

- Temporary increase to salary. e.g. employee is being compensated an additional amount for temporarily taking on additional responsibilities not in their position description. Like the first bullet, if those additional responsibilities are to cover for a vacant position that already funded the pool the one-time buy will not be necessary

*\* If using reserve funds (roll forward funds) to fund temporary payroll costs please utilize the general operating reserve fund (SL100) for spending. Doing so will apply costs directly against the funding source and no centralized benefit transactions will be necessary!*

**Actions that will not result in changes to buy in amounts:**

- GSIs. Funding from the State for incremental benefit costs due to GSIs will be directly allocated to the central benefits pool
- Changes to employer cost of benefits (e.g. change in retirement rate or cost of a health plan). Any funding (or de-funding) from the State related to these events will be directly allocated to (or de-allocated from) the central benefits pool
- Employee benefit election changes
- Elimination of positions. Department will keep salary savings only; benefit savings accrue to the university as a whole (retain dollars as salary \$ in account 821100 Academic Salary Holdings, 821201 Management & Supervisory Salary Holdings, 821300 Support Staff Salary Holding)
- Transfer from SL001 to another fund. Department will keep salary savings only; benefit savings accrue to the university as a whole

**Buy In Amounts**

Buy in amounts related to these events will be set annually according to a matrix calculated by UBFP. The rates reflect the actual % of salary for OASDI, Medicare and Retirement and average cost for Health and Dental (where applicable) by bargaining unit. <https://afd.calpoly.edu/budget/docs/benefit-pool-buy-in-rates-fy2021-22.pdf>

**Accounts and Process**

**Accounts**

570905 – permanent buy in transactions

570951 – one-time buy in transactions

570961 – one-time funding from the pool to departments

**Process**

- Allocation from Central Pool:
  - One-time benefit funding will be allocated in the Actuals ledger monthly in the amount of benefit expenses incurred in that month, via account 570961
- Central Pool Buy In

- The benefit portion of new position related funding, such as from fee committees or from sources and uses, will be allocated directly to the central pool by UBFP in conjunction with the salary funding allocation to the department
- Actions funded by departments during the year, such IRPs:
  - UBFP will review position activity quarterly and process one-time funding transfers from the department to the central pool where necessary. The one-time transfer reflects that the change is not a full year impact. e.g. a change resulting in buy-in at the start of Q3 will only require a 50% buy in for the current fiscal year
  - UBFP will reconcile position salary budgets YoY during the budget planning process to plan for the permanent buy in. Permanent funding will be transferred from the department to the central pool at the beginning of the new fiscal year when all initial resource allocations are posted
- Communication Plan for the one time buy in
  - 3<sup>rd</sup> month of every quarter UBFP will review the prior 3 months and then we will notify the college/area analyst with a cc to the divisional financial lead of the one-time funding that will need to be funded for any permanent positional changes
    - Example: December review shows a new employee started in a position in October and the compensation was higher than the position budget. We will calculate the prorated increased benefit costs for that position and funding transfer will be posted as part of the December close.

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