

## Holland, Ryan

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**From:** Updates and Notices on Sponsored Project Issues at AMC <gc-updates@LISTS.UCDENVER.EDU> on behalf of Amy Gannon <sara.esau@UCDENVER.EDU>  
**Sent:** Tuesday, May 08, 2018 12:14 PM  
**To:** gc-updates@LISTS.UCDENVER.EDU  
**Subject:** CU Denver | Anschutz composite fringe benefit rate model

Hello,

Below is an update on the fringe benefit model. With this update, sponsored projects will continue to use the published rates for budgets and the system will continue to charge the actual benefit expenses to the project. Therefore the process remains the same for FY2019 for sponsored projects.

The Senior Vice Chancellor for Administration and Finance along with the Budget Office will continue to provide updates as appropriate.

Thanks much! Amy

Amy Gannon  
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From: Carrothers, Terri  
Sent: Friday, May 4, 2018 12:45 PM  
Subject: FW: Update: CU Denver | Anschutz composite fringe benefit rate model  
Importance: High

Good afternoon.

We are writing to provide an important update, the implementation of the new composite employer-paid fringe benefit model will be delayed until next year, July 1, 2019.

As many of you are aware, the Budget Office has been working on the design, testing and implementation of a composite fringe benefit rate model for the Denver and Anschutz Medical campuses, originally anticipated to be effective July 1, 2018. The current model charges actual employee benefit costs to the employer based on individual insurance elections, and other variables available for employee choice. This causes uncertainty in budgeting of grants, and unit operations. It also is very labor intensive for staff when a retroactive funding source adjustments need to be made for budget or compliance reasons. Under this model, employer-paid benefits deductions would be budgeted using a job code-specific rate that would be applied to salary, and actual benefits expenses would follow the same methodology. This is a positive model whereby benefits costs are predictable, employer-paid insurance costs are the same for each personnel group (i.e. staff, full time 12 month faculty, full time 9- month faculty, etc.) and significant administrative streamlining will be realized. As required, the benefit model rates, based on an in-depth review of FY17 actuals, were submitted to the federal government for review in December 2017. Unfortunately, our request has not been reviewed fully to date.

In accordance with the planned model implementation, system design and testing efforts have been concurrently underway to support this new framework, led by the Employee Services team. This team has done a tremendous job coordinating these design and testing efforts, and we can't thank them enough. Additionally, many subject matter experts on the campuses have engaged actively, and we are very grateful for their support.

The postponement of this process will provide additional time to complete a subsequent review using the current FY 18 salary and employer-paid benefit data, with particular attention on the employer costs within the higher compensation ranges, where federally mandated allocations cap at certain levels. Also, although the design and testing process has been well coordinated, additional time for testing will further ensure a seamless transition. This decision to delay was made with significant leadership input, thought and evaluation, and while disappointing to many who were looking forward to the positive effects to be realized from deploying the composite benefit rates in July, we hope you will understand our need to ensure we have sufficient time to deploy fully and that the plan provides parity of employer paid benefits costs for all CU Denver | Anschutz Medical Campus employees.

We plan to resubmit a revised plan to the federal government in December 2018 for a July 1, 2019 deployment. Once approved, federal policy requires that we supply updated rate information every year for approval. Please be assured that we will again seek significant input from stakeholders across the campuses as we prepare our December 2018 submission.

Thank you to all the people who worked on this process throughout the university and schools/colleges. We appreciate everyone's continued teamwork as we work through this process.

If there are specific questions, please do not hesitate to reach out to me, Ryan Davis (Ryan.2.Davis@ucdenver.edu) or Lori Mettler (Lori.Mettler@ucdenver.edu).

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