This session will *not* be recorded, but this PowerPoint can be found on the following link:

[https://medschool.ucla.edu/research/researcher-resources/administrative-support/department-medicine-office-research-administration/fund-management-training](https://medschool.ucla.edu/research/researcher-resources/administrative-support/department-medicine-office-research-administration/fund-management-training)
Agenda

• What is the MCOP Worksheet and why do we need it?
• Sample Calculations
• Preparation Considerations

Disclaimer: Many of the concepts discussed in these slides will require visual demonstration within the UC Path system and/or via available Excel Templates. For best training outcomes, ensure you attend the Lab that accompanies this class!
Recap Faculty Funding Components

- \( X = \text{Base} = \text{HSR} \)
- \( X' = \text{X Prime} = \text{HSP} = \text{Retirement Factor} \)
- \( Y = \text{Delta} = \text{HSN} = \text{Negotiated} \) (may be zero)
- \( Z = \text{Bonus} = \text{HZC or HZA} \) (may be zero)

\[ X + X' = \text{Covered Comp} + Y = \text{Total Negotiated Salary (TNS)} + Z = \text{Total Compensation} \]
MCOP Worksheet Purpose

• Tool to establish the funding distribution of the **Total Negotiated Salary** for personnel with **Multiple Components of Pay (X + X’ + Y)**

• Designed to assist in the calculation of Cap Gap funding requirements *(as-needed)*
  • CAP Gap (otherwise referred to as Over the Cap, or OTC) is the difference between capped salary rates and the total negotiated salary rate that an employee receives.
  • OTC is relevant when extramural funding terms dictate a maximum base salary for project personnel
  • **Examples:**
    • **NIH Executive Level II: $212,100 effective January 1, 2023** *(typically updates each January)*
    • **CIRM: $301,000 effective July 1, 2022-June 20, 2024***
MCOP Manual Distribution *(simple)*

- Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (31145). Her components of pay are:
  - HSR = $129,400 annual // 43.133333% Effort
  - HSP = $103,600 annual // 34.533333% Effort
  - HSN = $67,000 annual // 22.333334% Effort

- **How could we apply the C&G Effort to the multiple components?**

**Options**
- Completely to HSR or HSP, because both of those components allow >30% Effort
- Partial on HSN (up to 22.333334%) and the remainder on either other component
- Split by any proportion to any combination of components!
MCOP Manual Distribution (with restriction)

Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (31145). Her components of pay are:

- **HSR** = $129,400 annual // 43.133333% Effort
- **HSP** = $103,600 annual // 34.533333% Effort
- **HSN** = $67,000 annual // 22.333334% Effort

Jane also has State FTE (19900 funds)

- Covers 34.875120% Effort
- 19900 is **restricted** for HSR use only

**How does this change (limit) how we can apply the C&G funds?**

**Options**

- Now the only component that can fully cover the C&G effort is HSP
- HSR now only has 8.258213% left over after 19900 is applied
- As we add more fund sources to the funding model, splitting funding across multiple components will be required. The MCOP Worksheet will handle all of these splits on the Fund Manager’s behalf!
OTC *Manual* Calculations

Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (Fund 31145), 34% 19900 funds, and her remaining effort is committed to an uncapped grant (Fund 58223).

- **FIRST**: Calculate Jane’s uncapped vs capped Effort%

  - Capped Effort = 30% (Using the NIH Cap)
    - A common pitfall is assuming that all funds with a salary cap will use the NIH cap, or assuming that all C&G funds impose a salary cap
    - For extramural funds, always check your award terms for mention of a salary cap; and, always use that sponsor’s specific cap rate!

  - Uncapped Effort therefore is the remaining 70% effort.
    - 19900, although restricted for us on HSR only, does not impose a salary cap!
    - Other funds that do not impose salary caps are: Gifts, Comp Plan funds, Indirect Cost Recovery funds, S&S, and many more!
OTC Manual Calculations

Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (Fund 31145), 34% 19900 funds, and her remaining effort is committed to an uncapped grant (Fund 58223).

• **SECOND**: Calculate the amounts that can be charged to each fund

  \[
  \text{Base Rate} \times \text{Effort} \% = \text{Applicable Salary}
  \]

  - NIH 31145: (Base Rate: $212,100) \times (Effort: 30\%) = $63,630
  - 19900: (Base Rate: $300,000) \times (Effort: 34\%) = $102,000
  - Uncapped 58223: (Base Rate: $300,000) \times (Effort: 36\%) = $108,000

  **Total**: $63,630 + $102,000 + $108,000 = **$273,630 Funded with Effort**

• Even though Jane’s **Effort** is fully committed, due to the NIH salary cap, her TNS is **not**! The difference must be charged as Over-The-Cap

  \[\$300,000 - \$273,630 = \$26,370\]
OTC Manual Calculations

Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (Fund 31145), 34% 19900 funds, and her remaining effort is committed to an uncapped grant (Fund 58223).

• **THIRD**: Calculate your OTC

  - **Full Calculation**: \((\text{TNS} - \text{Cap Rate}) \times \text{Capped Effort \%} = \text{OTC Needed}\)
    \[
    (\$300,000 - \$212,100) \times 30\% = \$26,370 \text{ OTC Needed}
    \]
  
  - **Lazy Way**: \((\text{TNS} - \text{C&G Funding}) = \text{OTC Needed}\)
    \[
    \$300,000 - \$273,630 = \$26,370 \text{ OTC Needed}
    \]

  - **NOTE**: This “lazy way” assumes you have no errors in Step 2. If you are not confident with your C&G calculations, use the full calculation to check your work instead.
OTC *Manual* Calculations

Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (Fund 31145), 34% 19900 funds, and her remaining effort is committed to an uncapped grant (Fund 58223).

*FOURTH*: Combine!

\[
C&G\ Funding\ +\ 19900\ +\ OTC\ Needed\ =\ TNS
\]

\[
(\text{NIH}\ 31145: \$63,630)\ +\ (19900:\ $102,000)\ +\ (\text{Uncap}\ 58223:\ \$108,000)\ +\ (\text{OTC\ tbd}:\ \$26,370)
\]

\[
=\ \$300,000\ TNS
\]
OTC Manual Calculations

Jane Bruin has a TNS of $300,000 and a 1.0 FTE appointment. She has 30% effort on an NIH Grant (Fund 31145), 34% 19900 funds, and her remaining effort is committed to an uncapped grant (Fund 58223).

- **FIRST:** Calculate Jane’s uncapped vs capped Effort%
  - Capped Effort = 30% (Using the NIH Cap)
  - Uncapped Effort therefore is the remaining 70% effort.

- **SECOND:** Calculate the amounts that can be charged to each grant fund
  - NIH 31145: \( \text{Base Rate: } \$212,100 \times \text{Effort: } 20\% = \$63,630 \)
  - 19900: \( \text{Base Rate: } \$300,000 \times \text{Effort: } 34\% = \$102,000 \)
  - Uncapped 58223: (Base Rate: \$300,000) \times \text{Effort: } 36\% = \$108,000
  
  Total: \$63,630 + \$102,000 + \$108,000 = \$273,630 Funded with Effort

- **THIRD:** Calculate your OTC
  - Full Calculation: \( \text{(TNS - Cap Rate)} \times \text{Capped Effort %} = \text{OTC Needed} \)
    - \( \$300,000 - \$212,100 \times 30\% = \$26,370 \text{ OTC Needed} \)
  - Lazy Way: \( \text{(TNS - C&G Funding)} = \text{OTC Needed} \)
    - \$300,000 - \$282,420 = \$17,580 \text{ OTC Needed}
  
  **NOTE:** This “lazy way” assumes you have no errors in Step 2. If you are not confident with your C&G calculations, use the full calculation to check your work instead.

- **FOURTH:** Combine! \( \text{C&G Funding} + \text{OTC Needed} = \text{TNS} \)
  - (NIH 31145: \$63,630) + (19900: \$102,000) + (Uncap 58223: \$108,000) + (OTC tbd: \$26,370)
    - = \$300,000 TNS

Joe Bruin has a TNS of $280,000 and a 1.0 FTE appointment. He has 15% effort on an NIH Grant (Fund 31145). His remaining effort is committed to an uncapped grant (Fund 58223).

- **FIRST:** Calculate Joe’s uncapped vs capped Effort%
  - Capped Effort = (Using the NIH Cap)
  - Uncapped Effort therefore is the remaining effort.

- **SECOND:** Calculate the amounts that can be charged to each grant fund
  - NIH 31145: (Base Rate: ) \times (Effort: ) =
  - Uncapped 58223: (Base Rate: ) \times (Effort: ) =
  
  Total: = \$ \text{C&G Funding}

- **THIRD:** Calculate your OTC
  - Full Calculation: \( \text{(TNS - Cap Rate)} \times \text{Capped Effort %} = \text{OTC Needed} \)
    - \( \$ - \$ \times \text{ } = \text{ OTC Needed} \)
  - Lazy Way: \( \text{(TNS - C&G Funding)} = \text{OTC Needed} \)
    - \$ - \$ = \$ \text{ OTC Needed}
  
  **NOTE:** This “lazy way” assumes you have no errors in Step 2. If you are not confident with your C&G calculations, use the full calculation to check your work instead.

- **FOURTH:** Combine! \( \text{C&G Funding} + \text{OTC Needed} = \text{TNS} \)
  - (NIH 31145: ) + (Uncap 58223: ) + (OTC tbd: )
    - = \$280,000 TNS

NIH Cap: $212,100

UCLA Department of Medicine - Office of Research Administration
OTC Manual Calculations

• It is important for Fund Managers to understand these calculations, as this understanding is essential to:
  • Prepare backup files to accompany UC Path transactions (required)
  • Perform payroll reconciliation responsibilities as part of monthly close procedures.

• When working within UC Path, the MCOP/Salary Cap Worksheet will automate the calculation of OTC, minimizing the administrative burden (time consumption) by the fund manager if this had to be done manually!
MCOP Worksheet vs

- The Worksheet itself **DOES NOT** drive payroll expense posting; rather, it is a **tool** designed to automate **Over The Cap** cost calculations, and complete transaction distribution pages within UC Path for personnel with **Multiple Components of Pay**

- Worksheet calculations are **% Effort** driven, and treat OTC costs as **unfunded effort**

- Every DOM Faculty, regardless of OTC status, must use the MCOP Worksheet to update Funding Entry in UC Path

- Only Faculty that exceed salary caps on C&G Funds will need the MCOP Worksheet for Direct Retros

- Should **NEVER** see the Default FAU (UC Cost Centers) outside of the “Default Funding Profile” box

Funding Entry or Direct Retro

- Completed **and approved** distribution updates provide UC Path with instructions on how to appropriately post payroll transactions to the Payroll Ledger and General Ledger

- Distributions represent **% Pay**…
  - Funding Entry: … per each component of pay (exceeds 100% for MCOP Faculty)
  - Direct Retro: … of the overall paycheck value of the payroll period being adjusted

- **When completed using the MCOP Worksheet tool, UC Path automatically translates the MCOP Worksheet to Funding Entry or Direct Retro New Data on behalf of the GL Initiator**

- Faculty must **always** have a 100% Default FAU distribution row with **no Earn Code** in their Funding Entry Distributions
  - Default FAU (UC Cost Centers) should still never be listed in Direct Retros
  - Staff do not list the Default FAU (UC Cost Centers)
Preparation

• Use the DOM Faculty Funding Update Template (manual OTC calculations required) and/or the MCOP Funding Update Wizard Worksheet (auto OTC calculations) as the backup attachment for all UC Path Transactions

• Know your limits
  • Each component (HSR, HSP, HSN) has a distinct maximum % effort (fixed) that it funds
  • If your Faculty uses 19900 funds (can only be used toward HSR (X) payroll) you may be required to cost share C&G effort to 19900 to ensure these funds are utilized (example next slide)

• Know Your OTC liability in advance
  • OTC costs should be charged to Unrestricted Funds. **DO NOT USE** other C&G funds (yes, even Industry funds) to cover OTC costs without explicit sponsor permission to do so (rare)
    • Formula to calculate the amount of OTC unrestricted funding needed:
      • % Effort distributed to the capped FAU(s) x (Actual Rate - Capped Rate) = $ OTC Liability
  • If your PI needs to use multiple FAUs to cover OTC, especially if 1 or more of these FAUs has limited funds available to cover the OTC, you may need to split C&G effort across multiple distribution rows to ensure OTC also posts as desired (example next slide)
    • To calculate, flip the above formula as such:
      • $ OTC funding available ÷ (Actual Rate – Capped Rate) = % Effort to list separately on worksheet
Sample Preparation

- Dr. Bruin’s TNS is $300,000
  - 37% HSR, 29% HSP and 34% HSN
  - 70% of her effort is funded via NIH Grants (Cap rate $212,100)
  - 25% of her effort is funded via uncapped C&G funds

- How much effort will be charged to C&G funds?
  - 70% + 25% =

- How much of Dr. Bruin’s TNS is funded via C&G Funds?

\[
\text{\% Effort distributed to the capped FAU(s) x Capped Rate} + \text{\% Effort distributed to the uncapped FAU(s) x Actual Rate}
\]

- How much of her remaining TNS will be flagged as OTC Funding?

\[
\text{\% Effort distributed to the capped FAU(s) x (Actual Rate - Capped Rate) = OTC Liability}
\]
Advanced Calculations

• When a faculty member is over-funded, fund managers are expected to present Faculty with all potential funding models available to them. Knowing how to recommend which funds can be cost-shared, vs. which funds should be prioritized is a valuable skill!

• Common scenarios:
  • “19900 Faculty” have a majority of their HSR component covered, but are permitted to “max out” their research effort (85% Effort can be applied to research activities, 90% with Dean’s Office approval).
  • Prioritizing 19900 funds vs. C&G funds is dependent on multiple factors, including timing and overall program needs
  • Salary Commitments may on occasion cover a large proportion of (or in some cases the entire) TNS, but in the Department of Medicine should be used only when there is not sufficient C&G or other research funding.
Sample Preparation

• Dr. Bruin’s TNS is $300,000
  • 37% HSR, 29% HSP and 34% HSN
  • 70% of her effort is funded via NIH Grants (Cap rate $212,100)
  • 20% of her effort is funded via uncapped C&G funds
  • 5% can be charged to the Comp Plan as-needed
  • $93,190 is available on 19900

• What is the maximum amount of 19900 that can be used without cost-sharing any C&G Effort?

• Are there any problem that should be addressed?
Maximizing 19900 *(bonus calcs)*

- **Scenario:** Your faculty would like to prioritize 19900 over C&G funds, and would like to know how to maximize 19900 and C&G funds together to return the least amount of C&G funding possible.

**Formula to identify minimum amount to charge to 19900 as effort:**

\[
\text{Percentage to charge to 19900 as effort} = \left( \frac{19900 \ \text{Funds Available} - (HSR \ % \ Effort \times (Actual \ Rate - Capped \ Rate))}{\text{Cap Rate}} \right)\%
\]

**For example:**

- \((93,190 - (37\% \times (300,000 - 212,100)))\div 212,100 = 28.603\%\)
  - 19900: $300,000 \times 28.603\% \text{ Effort} = $85,809
  - NIH: $212,100 \times 8.397\% \text{ Effort} = $17,810 \text{ charged to NIH as effort}
  - OTC on 19900: \((300,000 - 212,100) \times 8.397\% \text{ Effort} = $7,381\)

**Vs.**

- If 19900 is not used for OTC and only used for effort
  - 19900: $93,190 \div 300,000 = 31.0633\% \text{ Effort on HSR consumed}
  - NIH: $212,100 \times 5.9367\% \text{ Effort} = $12,592 \text{ charged to NIH as effort}
  - No OTC! We used all 19900 on Effort already
Links from Today’s Class

- DOM ORA UC Path Training materials and Templates
  - [https://medschool.ucla.edu/ora/ucpath](https://medschool.ucla.edu/ora/ucpath)

- UC Path Training Series
  - [https://www.centralresourceunit.ucla.edu/s/courses-lms](https://www.centralresourceunit.ucla.edu/s/courses-lms)

- UC Path Website
  - [https://ucpath.universityofcalifornia.edu](https://ucpath.universityofcalifornia.edu)
Survey Link
http://goo.gl/forms/C3gdjsL5y1

We appreciate if you would take a few moments to complete a short 7 question anonymous survey to help us improve your training experience. Thank you!