This session will *not* be recorded, but this PowerPoint can be found at [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?
• Faculty Salary Overview
• Sample Calculations
• Preparation Considerations

Disclaimer: Many of the concepts and examples 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** = Base = HSR
• **X’** = X Prime = HSP = Additional Base or “Retirement Factor”
• **Y** = Delta = HSN = “Negotiated” (may be zero)
• **Z** = Bonus = HZC or HZA (may be zero)

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

For Rhonda this may look like this:

• **X** = $74,088
• **X’** = $71,400
• **Y** = $79,512
• **Z** = ??? *Because this is bonus it is not part of the TNS or factored into the IBS Rate (next slides)*

\[ X + X' + Y = \text{Total Negotiated Salary (TNS)} = \$225,000 \]
MCOP Worksheet Purpose

- Tool within UCPath 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 Institutional Base Salary (IBS) (aka salary cap) rate for project personnel
    - *Salary Cap Examples:*
      - **NIH Executive Level II: $221,900 effective January 1, 2024** *(typically updates each January)*
      - **CIRM: $301,000 effective July 1, 2022-June 30, 2024***
IBS Rate vs. FTE vs. TNS

• IBS (Institutional Base Salary) Rate*: The standard pay rate for an employee excluding benefits or bonuses.

• FTE (Full-Time Equivalent): Measure used by employers to determine the number of hours expected for employees who work a full-time schedule.

• TNS (Total Negotiated Salary): The amount negotiated to disburse to the employee as income according to the Base Rate and FTE assigned for the current fiscal year at UCLA.

\[ \text{IBS Rate} \times \text{FTE} = \text{TNS} \]

• When an employee works a 1.0 FTE (Full-Time) the IBS Rate = TNS.

*Not to be confused with “x”/HSR/Base Component of Pay
Knowledge Check #1

If Rhonda Researcher is assigned an IBS Rate of $300,000 and plans to work a 0.75 FTE schedule, what would her TNS be?
Understanding the Distribution **1.0 FTE Faculty**

- Jane Bruin has a TNS of $260,000 and a 1.0 FTE appointment. Her components of pay are:
  - HSR = $156,900 annual // 60.346154% Effort
  - HSP = $47,100 annual // 18.115385% Effort
  - HSN = $56,000 annual // 21.538461% Effort

- **What do we know off of this information alone?**
  - Jane’s TNS is above the current NIH Salary Cap $221,900, so if she has salary paid on NIH Grants she’ll need OTC coverage
  - If Jane has funds that can only be used for her base component ("X" or HSR), this is capped at $156,900 (60.346154% Effort)
  - We know the max effort that can be supported on each earn code, giving us an idea of how we’ll need to split up C&G funding across these earn codes to fully fund the TNS.
Understanding the Distribution Part Time Faculty

- John Doe has a TNS of $156,442 but a 0.5 FTE appointment. His components of pay are:
  - HSR = $59,450 annual // 38.001304% Effort
  - HSP = $47,600 annual // 30.426612% Effort
  - HSN = $49,392 annual // 31.572084% Effort

- Why do we need to pay attention when we have a part time Faculty?

- To determine if a Faculty is above a Cap Rate, we have to know the 1.0 IBS Rate, not their part-time TNS rate.

- John’s 1.0 Rate is $312,884, so even though TNS is lower than the NIH cap his IBS rate is not. John will also need OTC coverage.
  - $156,442 ÷ 0.5 (Scaled Components from Funding Entry Snapshot) or
  - $98,784 + $95,200 + $118,900 (1.0 Components from Workforce Job Summary)
Sample Calculation

- Jane Bruin received 40% Effort Support on an NIH R01 Grant. Her snapshot is below, and we need to determine:
  1. What Component to use
  2. How much can be charged to the Grant
  3. How much needs to be covered as OTC
Sample Calculation *(Which Component)*

- Jane Bruin received 40% Effort Support on an NIH R01 Grant.
  - NIH does not restrict our ability to apply effort to HSR/HSP/HSN
  - HSR component has >40% Effort allowable, so this is a good option to support this effort completely
  - HSP+HSN have <40% Effort allowable, so if these are used they can only support partial effort
Sample Calculation *(Amount to charge to Grant Fund)*

- Jane Bruin received 40% Effort Support on an NIH R01 Grant.

*Formula:* Allowable Base $\times$ Effort = $Salary Supported$

- NIH Salary Cap (Allowable Base) = $221,900

\[221,900 \times 40\% = 88,760\]
Sample Calculation *(Amount to charge to OTC Fund)*

- Jane Bruin received 40% Effort Support on an NIH R01 Grant.

  \[
  \text{Formula: } (\text{TNS} - \text{Cap Rate}) \times \text{Capped Effort \%} = \text{OTC Needed}
  \]

- NIH Salary Cap Rate = $221,900
- TNS = $260,000

\[
(260,000 - 221,900) \times 40\% = \$15,240 \text{ on Unrestricted Funds}
\]
Sample Calculation *(All Together)*

- Jane Bruin received 40% Effort Support on an NIH R01 Grant.
- HSR can easily support this (>40% effort allowable)
- $88,760 will be charged to the Grant Fund ($221,900 \times 40\%$)
- $15,240 needs to be covered on Unrestricted Funds as OTC (($260,000 - $221,900) \times 40\%$)
Knowledge Check #2

Jane Bruin received 40% Effort Support on an NIH R01 Grant. Jane is also receiving $122,769 19900 (State FTE) Funds (47.218846% Effort) which can only be paid from the HSR Component.

Can HSR be used for both the NIH Grant & State FTE Efforts?
Knowledge Check #3

How confident do you feel at this stage to calculate split distributions with OTC across multiple components for C&G Funding for Faculty?
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 SCT/Direct Retro

- 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

- 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. SCTs exclusively utilize the MCOP Worksheet when applicable.

- 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/SCTs
  - 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

- 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
  - To calculate, flip the above formula as such:
    - $ OTC funding available ÷ (Actual Rate – Capped Rate) = % Effort to list separately on worksheet
Demo!
Links from Today’s Class

• DOM ORA UC Path Training materials and Templates

  1. DOM Faculty Funding Update Template:
     https://uclahs.app.box.com/s/fnlkybae4zis2shkaohfw0pun0h2d36q

  2. MCOP Funding Update Wizard Worksheet:
     https://uclahs.app.box.com/s/5xqtcratcvkplnapwmtmjyitgczz7ofkn

• UC Path Training Series

  • https://www.centralresourceunit.ucla.edu/s/courses-lms

• UC Path Website

  • 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!