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SR82112 Requirements
Change MCB Calculation for IX Lecturers Paid 9/9 or 9/10

Objective:

The objective of this request is to change how the MCB (Medical Contribution Base) is calculated for lecturers in the IX bargaining unit who are paid over either nine months or ten months. This change will impact the following:

- Future MCB calculations, for example those done for new hires going forward and for future Annual Benefits Audit calculations
- The “Next Year MCB” values in the EDB that will be used for 2009

Project Type:

This involves both a one-time program and modifications to existing programs.

Requested by:

Labor Relations

Analyst:

Beth Burkart

Due Date(s):

The requested modifications are Date Mandated.

It is requested that the application changes and one-time programs be made available to campuses by the beginning of March, 2008, so that they have adequate time to test and install the release prior to the end of March 2008.

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Background

An employee's medical plan monthly cost depends on the plan and the coverage the employee has chosen, as well as their Medical Contribution Salary Base (MCB). The MCB is derived from the employee's payroll information. Medical plan rates are tiered (based on the employee's MCB) so that the cost the employee pays for medical insurance is somewhat proportional to his/her pay rate.

Service Request 80191 dated 08/08/02 asked for the establishment of two new data fields, the 'Medical Contribution Base – Current Year' and the 'Medical Contribution Base – Next Year' to be used in the calculation of the UC contribution toward the medical premiums according to salary level. At that time, it was decided to model the calculation of this Medical Contribution Base (MCB) after the existing methodology used for the calculation of the Supplemental Life Insurance Salary Base. These changes to PPS were included in the omnibus 2003 Benefits Changes that were originally released to campuses on 11/08/02 as Release 1440.

An employee's full-time salary rate on January 1 of the previous year (or the hire date if later) is used to determine the MCB for the current year (e.g., the MCB for 2008 will be based on the full-time salary on 1/1/2007). The amount of the MCB is not adjusted automatically due to salary increases throughout the year, nor will it be reduced if someone's salary is reduced. The salary rate is defined as the monthly salary the employee is appointed to receive under an academic, nonacademic, and/or administrative title(s) payable through the University. This includes such things as stipends for department chairs. Release 1785 (9/07) removed differential pay from the MCB calculation.

This Service Request is in response to a sideletter signed by the AFT (American Federation of Teachers) union and UC, as follows:

“Sideletter on Lecturer Payment Tier for Medical Benefits

The University and the UC-AFT agree to the following provisions for determining an NSF's medical plan contribution base.

The University and the UC-AFT agree that the University will review its methodology for calculating the annual salary level of lecturers for the purpose of determining an NSF's medical plan contribution base.

Should the University's review fail to result in a change in the University's methodology, the University and the UC-AFT will meet to discuss this matter further six (6) months following ratification of the agreement on the 2007 reopener negotiations.”

The union contends that the MCB is unfairly inflated for lecturers paid on a 9/9 or 9/10 basis, since the annual salary is calculated by multiplying the monthly salary by 12. This may place some lecturers in a higher band, which would result in a higher medical benefit premium. The union feels that the monthly salary should be multiplied by nine for lecturers paid over nine months, and by ten for lecturers paid over ten months.

At this time Labor Relations has requested that the MCB calculation be changed for IX lecturers paid over nine or ten months, effective for 2008 medical premiums.

This Service Request addresses the following topics:

- Modification of MCB calculations performed by various processes throughout the Payroll application.
- Recalculation and modification of existing MCB values in the Employee Database. One-time programs will be needed to recalculate MCB values for lecturers paid over nine or ten months and update the EDB. It is proposed that 2008 MCB values be recalculated and updated manually. 2009 MCB values will need to be recalculated and updated via a one-time process.

The following terminology is used in this request:

- **Medical Contribution Base – Current Year (EDB0289).** The salary base to be used in the calculation of the UC contribution toward the medical premium for the current year. Also referred to as MCB-CY.
- **Medical Contribution Base - Next Year (EDB0290).** The salary base to be used in the calculation of the UC contribution toward the medical premium for the next year. Also referred to as MCB-NY.
- **Annual Benefits Premium Audit (PPP570):** The Benefit Premium Audit performed every January moves Next Year MCB value into Current Year MCB field and calculates new Next Year MCB value.
- **EDB Explicit Maintenance:** derivation of MCB – CY and MCB – NY is triggered whenever there is a change to the assigned BELI and whenever there is a change to one of these elements:
 - Distribution Begin Date (EDB 2053)
 - Distribution End Date (EDB 2054)
 - Distribution Pay Rate (EDB 2055)
 - Description of Service Code (EDB 2056)

Note: Value not re-derived if there is already a value in the field.

- **EDB Monthly Periodic Maintenance:** derives Medical Contribution Base fields (only if they are not yet populated).
- **Daily Maintenance for Web/IVR Transactions:** The EDB Maintenance process that edits daily transactions from the UCOP Web/IVR applications and posts them to the EDB derives Medical Contribution Base data elements when a Medical Enrollment transaction is received and when the current value of the MCB is zero.

Current Process:

Four different processes in the Payroll/Personnel System calculate Medical Contribution Base values:

- Annual Benefits Premium Audit (PPP570)
- EDB Explicit Maintenance
- EDB Monthly Periodic Maintenance
- Daily Maintenance for Web/IVR Transactions

Currently, all MCB calculations derive the annualized distribution pay amount by multiplying the distribution pay rate by a standard multiplier, as follows:

- 2088 for hourly
- 26 for biweekly
- 24 for semi-monthly
- 12 for monthly

Distribution rates are not currently prorated for lecturers paid over nine or ten months.

Proposed Process:

The MCB calculations performed by the Annual Benefits Premium Audit (PPP570), EDB Explicit Maintenance, EDB Monthly Periodic Maintenance and Daily Maintenance for Web/IVR Transactions should be modified as follows:

- The annualized distribution pay amount should be prorated if that distribution is associated with an appointment meeting the following criteria:
 - IX Covered
 - Academic Pay Period Code of “1”

For all campuses on the quarter system, the annualized distribution pay amount should be prorated by multiplying it by 75%.

For all campuses on the semester system¹, the annualized distribution pay amount should be prorated by multiplying it by 83.33%. (Note: Berkeley and Merced are on the semester system; all other campuses are on the quarter system.)

The new MCB calculations should be used going forward. All other MCB logic should be left unchanged.

MCB values for 2008 were calculated during the Annual Benefits Premium Audit run in January 2007. It is proposed that these values be recalculated and updated manually for employees who would move to a lower band.

A one-time program will be needed to re-calculate the MCB-NY values to be used in 2009. The one-time program could utilize the current EDB, as long as it is run during the first quarter of 2008. Campuses should send copies of their tab-delimited files produced by the one-time program to UCOP, in case further analysis is needed or questions arise.

¹ Merced, which is on the semester system, is paid by UCLA, which is on the quarter system. Since a single instance of PPS is used for both Merced and UCLA, UCLA will need to locally provide support to take into account Merced's semester basis.

Requirements

1.0 Annual Benefits Premium Audit (PPP570)

MCB calculations should be modified so that the annualized distribution pay amount is prorated if that distribution is associated with an appointment that meets all of the following criteria:

- Appointment Representation Code (EDB2031) = “C”
- Appointment Title Unit Code (EDB2029) = “IX”
- Academic Pay Period Code (TCT2190) associated with the appointment level title code = “1”

For all campuses on the quarter system², the annualized distribution pay amount should be multiplied by .75 if the above criteria are met.

For all campuses on the semester system, the annualized distribution pay amount should be multiplied by .8333 if the above criteria are met.

2.0 EDB Explicit Maintenance

MCB calculations should be modified as described in section 1.0 above.

3.0 EDB Monthly Periodic Maintenance

MCB calculations should be modified as described in section 1.0 above.

4.0 Daily Maintenance for Web/IVR Transactions

MCB calculations should be modified as described in section 1.0 above.

5.0 One-time Process

5.1 Recalculate MCB-NY values using Current EDB

The employee-level selection criteria for the one-time process are as follows:

- Employment Status – Employee records with an Employment Status of ‘A’ (Active), ‘N’ (Leave Without Pay), ‘P’ (Leave With Pay) or ‘I’ (Inactive) should be selected for this salary base derivation. Employee records with an Employment Status of ‘S’ (Separated) should be excluded.
- Benefits Eligibility – Employee records with an Assigned BELI equal to ‘1’ ‘2’, ‘3’, or ‘4’ should be selected for this salary base derivation.

Note: only active distributions should be considered for this one-time process³. Expired distributions and future distributions should be excluded from this salary base derivation process.

Rather than using the run date to determine whether a distribution is “active” or “future,” the campus should be able to specify a date to be used for this determination.

A distribution is considered Active if the Distribution Begin Date is less than or equal to the campus-specified date, and the Distribution End Date is greater than or equal to the campus-specified date.

² It is suggested that System Parameter 060 be used to identify whether a campus is on the quarter system or the semester system.

³ Using only active distributions keeps this process consistent with the PPP570 annual recalculation of the MCB values.

A distribution is considered Future if the Distribution Begin Date and Distribution End Date are greater than the campus-specified date.

Recalculated MCB-NY values should be derived as follows, using the current EDB.

The annualized distribution pay amount should be prorated if that distribution is associated with an appointment that meets the following criteria:

- Appointment Representation Code (EDB2031) = “C”
- Appointment Title Unit Code (EDB2029) = “IX”
- Academic Pay Period Code (TCT2190) associated with the appointment level title code = “1”

For all campuses on the quarter system, the annualized distribution pay amount should be multiplied by .75 if the above criteria are met.

For all campuses on the semester system, the annualized distribution pay amount should be multiplied by .8333 if the above criteria are met.

- 1) The process should perform MCB calculations using all existing MCB logic except for the use of the multiplier as described above.
- 2) This process should result in re-calculated MCBs that can be compared with the existing MCB-NY values for these employees.

5.2 EDB Update

Run a process to perform the following steps:

- 1) For each employee whose MCB value was recalculated in the prior step, compare the recalculated MCB with the existing MCB-NY value on the employee’s EDB record.
- 2) If the recalculated MCB is lower than the employee’s existing MCB-NY and the current BELI is 1, 2, 3, or 4, update the EDB in place.
- 3) Produce the following files:
 - a) The standard EDB update change file that can be used to produce the PPP1800 report, which contains old and new values for changed data elements.
 - b) A tab-delimited file of all employees for whom an MCB was calculated, whether or not the MCB was changed. See Attachment A for the record layout.
 - c) Campuses should send copies of the tab-delimited files to UCOP.

Attachment A: Tab-delimited File Layout

This program should generate a tab-delimited electronic file with column headings. This file will contain data on all employees for whom an MCB was calculated, whether or not the MCB was updated. This file should include:

Data Definition	Column Heading Description
Location associated with home department code from home department table	LOCN
Department location associated with home department code from home department table	DEPT LOCN
Employee Number (key field)	EMP ID
Employee Name Combined (EDB0105)	EMP NAME
Home Department Code – EDB (EDB0114)	HOME DEPT CODE
Home Department Name	HOME DEPT NAME
Title Code (EDB2006)	TITLE CODE
Appointment Title Unit Code (EDB 2029)	APT UNIT CODE
Appointment Representation Code (EDB2031)	APT REP CODE
Most Recent Hire Date-EDB (EDB0113)	MOST RECENT HIRE DATE
Medical Contribution Base - Current Year (EDB0289) – existing in EDB	MCB-CY
MCB calculated from the current EDB, using prorated rate	MCB-CALC CURR EDB PRORATED
Medical Contribution Base - Next Year (EDB0290) – existing in EDB prior to update	MCB-NY OLD
New value of Medical Contribution Base - Next Year. If no update occurred, this will be the same as the EDB0290. If an update occurred, this will equal the MCB- CALC CURR EDB PRORATED.	MCB-NY NEW
Flag = Y if an update occurred, N if no update occurred.	MCB-NY UPD FLAG
Flag = Y if the recalculated MCB is lower than the employee’s Medical Contribution Base - Next Year, N if the recalculated MCB is not lower than the employee’s Medical Contribution Base - Next Year.	MCB-RECALC < MCB_NY?

The first tab-delimited record should be a header record that contains the run date in the format of mm/dd/yy and a description of “MCB IX CALCULATIONS TAB DELIMITED FILE.” The last tab-delimited record on the file should be a trailer record that contains a count of the total number of detail records written to the file.