

University of Colorado Health Sciences Center  
Fiscal Policy for  
Employee Fringe Benefits Administered by the UCHSC

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I. Purpose, Reference, and Responsibility

A. Purpose

The purpose of this policy is to set forth the guidelines used by the Finance Office in developing and charging fringe benefit rates for Worker's Compensation, Unemployment Insurance, Retiree Health, Life and Supplemental Annuities, and Payments for Sick and Vacation Leave at separation or retirement. The University of Colorado Payroll and Benefit Services (PBS) is responsible for administering all employee insurance and retirement benefits. Worker's Compensation and Unemployment Insurance are administered by the campus.

B. Reference

1. UCHSC Fiscal Policy for Payments of Unused Sick and Vacation Leave for Separating Employees.
2. Regent Law Article 11-H, Leave Policies for Officers, Exempt Professionals, and Faculty on Twelve-Month Appointments.

C. Responsibility

It is the responsibility of the UCHSC Finance Department, Human Resources Department, and System Payroll and Benefits Services to ensure compliance with this policy.

II. Applicability and Definitions

A. Applicability

This policy is applicable to all salary payments for UCHSC employees who are eligible for one or more of the following programs: Worker's Compensation, Unemployment Insurance, Unused Vacation and Sick Leave balances at separation or retirement, and Retiree Health, Life, and Supplemental Annuities. The type of job held by the employee determines eligibility for these programs. The type of job translates into a unique job code in the Human Resources System and account code with the Finance System. The various fringe benefit rates in Exhibit A are charged to a program or project based on these job codes and account codes. Exhibit B is a crosswalk between Human Resources job codes, Finance System account codes and the applicable fringe benefit rates that will be charged.

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B. Definitions

1. Retiree Health, Life, and Supplemental Annuities is the amount paid for health insurance, life insurance, and supplemental annuities for retirees. Most retirees are eligible for employer contribution toward health and life insurance although at varying amounts based on age and years of service. Few new retirees are eligible for supplemental annuities although there are current retirees receiving this benefit. Actual payments from the previous year (adjusted for known changes in participants and insurance premiums) are used in estimating the amount to include in this rate calculation.
2. Unemployment Insurance is the amount paid out for unemployment insurance claims for eligible employees. A five-year rolling average is used in estimating the amount to include in this rate calculation. An outside vendor and the campus Human Resources office manage this program.
3. Unused Vacation and Sick Leave is the amount paid out for unused vacation and sick leave for separating and retiring employees. A five-year rolling average (adjusted for significant known factors such as changes in PERA retirement rules that may influence retirement decisions) is used in estimating the amount to include in this rate calculation.
4. Worker's Compensation is the premium amount that is actuarially calculated annually by the University Risk Management Office (URM). This premium is assessed to the campus annually and is paid on a monthly basis. Premiums from all campuses are used to finance the System Risk Management Liability for Worker's Compensation Claims.

III. Background

Rates for Worker's Compensation, Unemployment Insurance, Retiree Health, Life, and Supplemental Annuities, and Sick and Vacation Leave Separation Payments will be applied to all programs and projects in every source of funds in which charges for faculty and staff compensation are recorded. Rates are detailed in Exhibit A. The funds generated by applying these benefits rates will be pooled and used to cover payments for Worker's Compensation premiums, Unemployment Insurance premiums, Retiree Health, Life and Supplemental Annuities, and payment of Unused Sick and Vacation Leave for separating and retiring employees. Rates will be updated annually based on actual payment experience and known future trends.

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IV. Policy

A. Finance Office

It is the responsibility of the UCHSC Finance Office to calculate fringe benefit rates prior to the beginning of each Fiscal Year. Any shortage or surplus created during the previous year will be included in the next year rate calculation. Rates will be published as Exhibit A of this policy and will be distributed to all campus departments by March 1. The Finance Office will monitor collections and payments for all fringe benefits covered by this policy. Rates may be adjusted during the year if the campus experiences an unusual claims trend that was unanticipated in the previous rate. If a rate is adjusted during the year, such changes will be communicated to all departments and divisions in a timely manner.

The UCHSC Finance Office will create and maintain the allocation processes within the University's financial system that charge the fringe benefit rates to all programs and projects in which employee compensation is recorded. A table referencing the rates that will be charged to Job Groups within the Human Resource System is included as Exhibit B.

B. Human Resources Office

It is the responsibility of the UCHSC Human Resources Office to make payments for Worker's Compensation and Unemployment Insurance. Payments will be made from the appropriate funds that are pooled for this purpose.

C. Payroll Benefits Services (PBS)

It is the responsibility of the PBS to administer retiree benefits and make payments for health insurance, life insurance, supplemental annuity, etc., as applicable. Payments for these benefits will be made from the unique pool of funds created for this purpose.

D. Department Administrators

It is the responsibility of each department administrator or unit head to include estimates of fringe benefit charges as part of their annual budgeting process.