

February 5, 2009

PRINCIPAL OFFICERS

Dear Colleagues:

Re: Recharge Rates

Recharge rates, reviewed annually as part of the campus's annual budget process, are an important part of our internal economy. The departments that charge these rates are required by UC policy to submit rate proposals reflecting a balanced budget that fully recovers costs. In light of the planning assumptions described in Attachment 1 (Instructions for Submitting Recharge Rate Proposal for 2009-10), I recognize that recharge units will experience increased cost pressures in 2009-10. However, given the extraordinary fiscal challenges we face, it is my intent to limit increases to current recharge rates to the extent possible and to strongly discourage additional recharge rates from being proposed.

Consistent with the budgetary reviews being undertaken in all units across campus, recharge units are asked to review their spending patterns and organizational structures to determine how services can be effectively delivered at the lowest possible costs. Recharge units may consider a range of options to control overall operational costs, and in consultation with departments that use those services, should explore changes in service delivery, frequency of service, and quality of service. Activities requesting rate increases will be asked to identify what cost saving measures and/or revenue enhancing plans will be implemented to help mitigate these increased costs.

A review of proposed recharge rates is conducted through the Direct Costing Committee (DCC), comprised of representatives from across the campus, and authority to approve recharge rates is delegated to Vice Chancellor Michaels. My expectation is that principal officers will carefully review proposals before submitting them to the DCC.

The DCC is charged with two major tasks (see Attachment 2):

- Ensure that costs are appropriately identified and charged, consistent with all relevant policies; and,
- Identify new expenses reflected in a recharge rate activity (e.g. new positions, costs related to new or enhanced levels of service, additional administrative overhead, costs formerly covered by other fund sources, etc.) before final recharge rates are approved.

Thank you for your attention to this matter and your continued dedication to our campus.

Sincerely,



David S. Kliger
Campus Provost and
Executive Vice Chancellor

Attachments

cc: Direct Costing Committee
Campus Recharge Units