

Instructions for Submitting Recharge Rate Proposal for 2015-16

The following provides the parameters to be used in developing proposed recharge rates, campus expectations, proposal submittal requirements and direction on where to find recharge guidelines, policies, templates and assistance. As usual, all requests will be carefully reviewed for consistency with policy by the Direct Costing Committee.

All recharge rate submittals should be sent to Director Troy Lawson in the Office of Planning and Budget by March 20, 2015, for review by the Direct Costing Committee. Reviews will be conducted and the recommendations of the Committee will be forwarded to Vice Chancellor Delaney in June 2015.

Background

The Governor's budget released January 9th proposes a four percent increase to UC's State General Fund base operating budget. While this is somewhat promising, the Governor's budget is contingent on a number of conditions including that Tuition and Student Services Fee remain at or below 2014-15 levels. Our campus is confronted with the continuing impact from years of consecutive budget cuts as well as additional unfunded mandates, health care and salary cost increases in 2015-16. If the Governor's conditions persist, the campus's fiscal challenges will be significantly exacerbated. The Governor's proposed budget will now go to the State Legislature for review. This review can result in many changes to the State's proposed budget. The final budget for 2015-16 requires a two-thirds vote in both houses of the Legislature and will most likely not be known until June 30, 2015, or possibly much later. We will not know the full impact of the State Budget to the University until that time.

Parameters

Recharge units should include a three percent increase in wages and salaries effective July 1, 2015 for both non-represented staff and represented staff that do not have a current contract. For units that have represented staff who are covered under collective bargaining agreements for 2015-16, please use the salary and wage increases that have been bargained.

Unlike the last six years, there is no anticipated 2015-16 increase to required employer contributions to the UC Retirement System (UCRS) – Template 4 “Salary and Benefit Schedule” has been updated to reflect no increase to UCRS contributions. However, recharge units should factor into 2015-16 rate calculations an approximate four percent increase in existing benefit costs.

These planning assumptions are based on the best available budgetary information at this time, and may change as policy and program decisions are reached later this year. Planning and Budget will keep you informed as more information becomes available.

Campus Expectations

All recharge units are, by UC policy, required to submit rate proposals that reflect a balanced budget which fully recovers costs. In light of the planning assumptions outlined above, it is recognized that recharge units will experience increased cost pressures in 2015-16. However, given the continued fiscal challenges the faces, new recharge rates or increases to rates for recharge activities that have a campus wide impact in 2015-16 are discouraged.

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Consistent with this, all recharge units are asked to internally 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, including 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. As usual, all requests will be carefully reviewed by the Direct Costing Committee.

As a reminder, recharges are not a vehicle to increase the level of service(s) or to expand services. This is particularly true of those recharge goods and services not competitively obtainable elsewhere. For this reason, 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.) are closely examined and may require specific review and approval of the EVC/Campus Provost.

Instructions for recharge activities that have a campuswide impact

All activities listed below have been identified as having a campus wide impact on recharge goods and services not competitively obtainable elsewhere. For 2015-16, these recharge activities must submit a full recharge rate packet to the Direct Costing Committee containing all applicable templates. Upon review of the recharge activity, additional information may be requested of the recharge unit. Recharge units are welcome to provide additional clarifying documentation with the original submittal.

Physical Plant

- Building Maintenance/Skilled Crafts
- Custodial
- Fleet Services
- Grounds
- Mail Services
- Refuse/Recycling
- Work Management

Physical Planning and Construction

Information Technology Services

- 800MHz Radio
- Data Center
- Network and Telecommunications Services

Activities charging Federal funds may have additional reporting requirements. Those requirements are described in the following section.

Instructions for activities that do not have a campuswide impact

- A. If no rate increase is proposed:** Activities that do not have a campus wide impact and are not requesting a recharge rate increase should submit “Template 1 – Recharge Rate Questionnaire” to the Direct Costing Committee along with a list of current rates charged by

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the recharge activity. If applicable, indicate where any rates are decreasing. **Rates not submitted for 2015-16 will expire as of June 30, 2015.** Recharge units should complete a copy of the annual Comparative Income Statement and keep it within the unit or division. Upon review of the recharge activity additional information may be requested of the recharge unit including, but not limited to, a full recharge packet. Recharge units are welcome to provide additional clarifying documentation with the original submittal.

- B. Activities that do not have a campus wide impact may request a new recharge rate or an increase to an existing rate:** To request a new recharge rate or an increase to a current recharge rate, submit a full recharge rate packet to the Direct Costing Committee containing all applicable templates. Upon review of the recharge activity, additional information may be requested of the recharge unit. Recharge units are welcome to provide additional clarifying documentation with the original submittal.

Charging the Federal Government

If the recharge activity charges Federal funds, compliance with OMB Circular A-21 requires use of one of the following methods:

1. Single rate comprised solely of federally allowable expenses.
2. Dual rates for the same service - both a non-federal rate and a federal rate. The federal rate excludes federally unallowable expenses.
3. Refund unallowable costs billed to Federal funds.

If either the dual rate #2 or refund #3 methods are utilized, a full recharge packet is required to be submitted to the Direct Costing Committee containing all applicable templates. A separate Template 2 (Comparative Income Statement) and Template 3 (Recharge Rate Comparison) must be completed in support of both the non-federal rate and federal rate. The federal rate Template 2 (Comparative Income Statement) may only include federally allowable expenses prorated on the percentage of recharge activity revenue attributable to Federal funds.

In the case that the refund #3 method is utilized, you will also need to complete Template 9 (Refund to Federally Funded Contracts and Grants).

Guidelines, Planning Parameters, and Forms Are Available On-Line

Guidelines for Recharge Activity Submittals, Recharge Rate Policies and all relevant templates needed for your recharge rate packet submittal to the Direct Costing Committee are available on the web at: <http://planning.ucsc.edu/budget/rechargerates.asp>. **Units must use current templates.** At the above website, you will also find the current list of Approved Recharge Rates for 2014-15.

If you have any questions about recharge rates or need assistance, you may contact Troy Lawson at 9-4338 or telawson@ucsc.edu.

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