

January 19, 2018

PRINCIPAL OFFICERS

Re: Recharge Rates

Dear Colleagues:

Recharge rates are required by UC policy and are an important part of our internal economy. The rates are reviewed annually as part of the campus' annual budget process, and departments that charge these must submit rate proposals for balanced budgets, which fully recover costs. In light of the planning assumptions described in the attachment to this letter, I recognize that recharge units will experience increased cost pressures in 2018-19. However, given the continued fiscal challenges the campus faces, it is my intent to, as much as is possible, hold the line on increases of existing recharge rates and to discourage additional rates.

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, may explore changes in service delivery, frequency of service, and quality of service. Units requesting a rate increase to their activities 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), which is comprised of representatives from across the campus; authority to approve recharge rates is delegated to Vice Chancellor Delaney. My expectation is that principal officers will carefully review proposals before submitting them to the DCC.

The DCC is charged with two major tasks:

- Ensuring that costs are appropriately identified and charged, consistent with all relevant policies; and,
- Identifying new expenses reflected in a recharge 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,



Marlene Tromp
Campus Provost and
Executive Vice Chancellor

Attachment

cc: Campus Recharge Units
Direct Costing Committee