

January 27, 2020

ALL RECHARGE UNITS

Re: Recharge Rates

Attached are the instructions for the 2020-21 Recharge Review. 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 2020-21. 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.

UC Systemwide changes to career track salary ranges are being planned. For information about the new salary ranges, please visit <https://shr.ucsc.edu/compensation/salary/index.html>. Staff Human Resources will be updating this website as information becomes available. Also, with recent the implementation of composite benefit rates, recharge units should pay particular attention to their projected benefits costs for 2020-21 and 2021-22.

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 the Vice Chancellor of Planning and Budget. The expectation is that recharge units 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 yours,



Margaret Delaney
Vice Chancellor
Planning and Budget

Attachment

cc: Direct Costing Committee