

UCDAVIS

Budget and Institutional Analysis

UCDAVIS

Finance

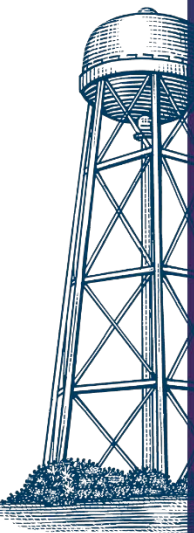
Recharge Forum

January 24, 2023



Agenda

- Recharge Operations at UC Davis – Joe Borges (10min)
- 2023-24 Composite Benefit Rates – Joe Borges (5min)
- Rate Calculation Workbook Overview – Christine Herkenrath (15min)
- Keys to Successful Rate Approvals – James Ringo/Octavio Valencia (15min)
- Preview Upcoming Website Reorganization – Christine Herkenrath (5min)
- Guidelines on Minimum Thresholds – Joe Borges (10min)
- Open Q&A and Suggestions for Future Forum Content – All (30min)

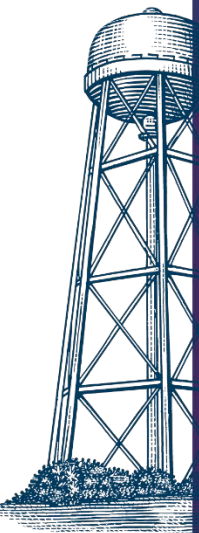


Recharge Operations at UC Davis

-Recharge Team

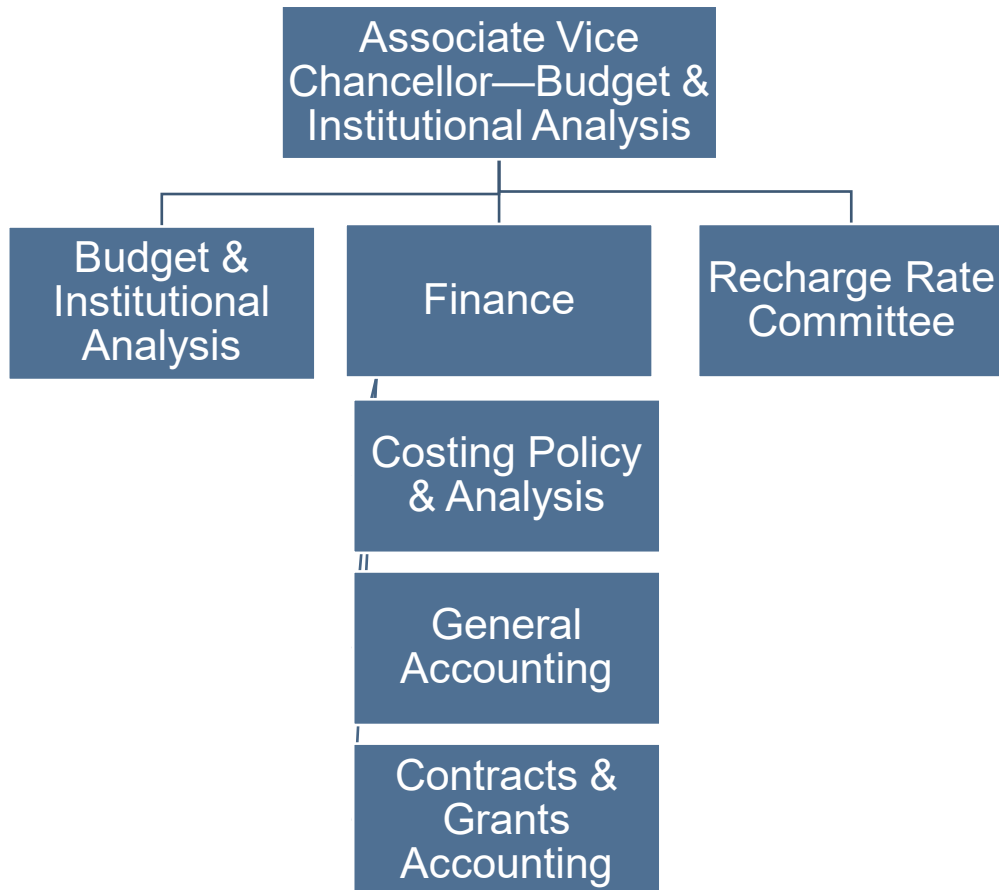
Name	Department
Michael Legrand	Finance - Accounting & Financial Reporting
Octavio Valencia	Finance - Costing Policy & Analysis
Jim Seibert	Finance - General Accounting
James Ringo	Finance - Contracts & Grants Accounting
Karen Majewski	Finance - General Accounting
Terrence Ireland	Budget and Institutional Analysis
Christine Herkenrath	Budget and Institutional Analysis
Joe Borges	Budget and Institutional Analysis

Questions? Email us at recharge@ucdavis.edu

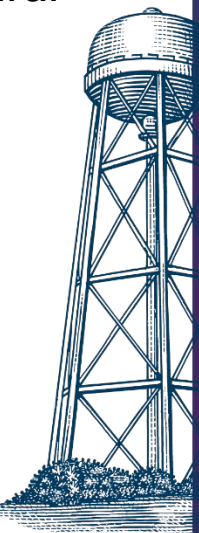


Recharge Operations at UC Davis

-Central Support and Compliance



- Initial approval is always required by Dean or Vice Chancellor's Office (D/VP/VC)
- "High-Risk" Activities will require additional approval from Associate Vice Chancellor-BIA
- CP&A, BIA and Rate Committee act in an advisory capacity to the AVC on Final approval as follows
 - Over \$50k annually to extramural awards – CP&A
 - Over \$250k annually without exceeding the extramural awards threshold above – BIA
 - Select Recharge Operations that are mandated services or widely consumed across campus may require Rate Committee Approval
 - Email recharge@ucdavis.edu with questions

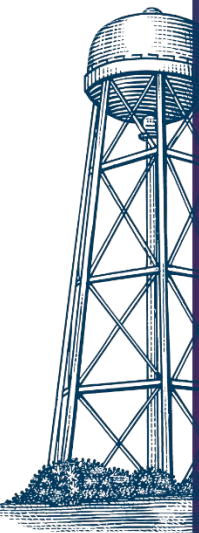


Recharge Operations at UC Davis -Office with Final Approval

- Initial approval is always required by Dean or Vice Chancellor's Office (D/VP/VC)
- Departments should update annually for salary & CBR (D/VP/VC can approve)

	High-Risk Activities	High-Risk Activities	Low-Risk Activities
Recharge activity modification scenarios	Mandated[1], Widely Consumed[2], or >\$250,000 Recharge	>\$50,000 Contract & Grant (C&G) Recharge	Not Mandated/Widely Consumed AND <\$50,000 C&G Recharge
New rate	BIA	CP&A	D/VP/VC
Modifications to rate calculation methodology and/or rationale	BIA	CP&A	D/VP/VC
Rate changes inconsistent with budget planning guidelines[3]	BIA	CP&A	D/VP/VC
Rate changes consistent with budget planning guidelines[3]	D/VP/VC	D/VP/VC	D/VP/VC

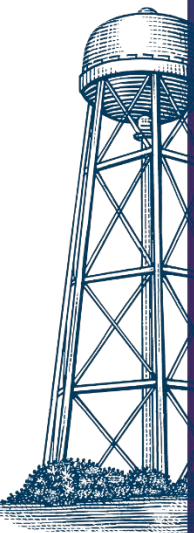
<https://financeandbusiness.ucdavis.edu/bia/budget/resources/rates/approval-doc>



Composite Benefit Rates (CBR)

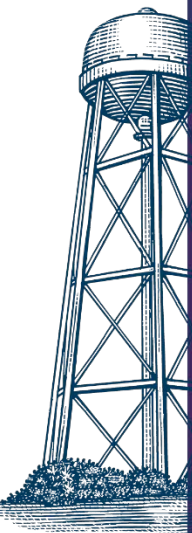
Full Benefit Eligibility	FY 22-23 UCPath Rates	FY 23-24 UCPath Rates
HCOMP Faculty, School of Medicine Physicians and Senior Management	26.7%	26.8%
Nurses and Non-SOM Physicians	34.3%	34.1%
Faculty, Other Academic Appointments, MSP, Fire and Police	38.9%	39.6%
All Other Staff	51.9%	51.6%
Service Staff	60.0%	53.9%
Non-Full Benefit Eligibility		
Postdoc Employees	21.4%	22.1%
Faculty Summer Salaries	9.4%	8.8%
Grad & Undergrad Students	1.9%	2.2%
Employees with Limited Benefit Eligibility	10.0%	9.4%
Employees with no Benefit Eligibility	4.0%	4.6%

<https://financeandbusiness.ucdavis.edu/finance/costing-policy-analysis/cbr>



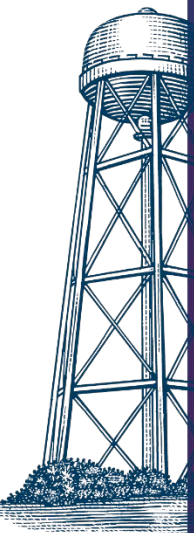
Rate Calculation Workbook Overview

- Both templates (10/100 rate workbooks) updated to V6.2
 - Goal of changes were to simplify and match GL reporting
 - Streamlined Subsidies
 - Enhanced “Surplus/Deficit” recovery planning:
 - Aligned expenses and revenue calculations to match the FIS 193 report whenever possible.
 - General formula corrections



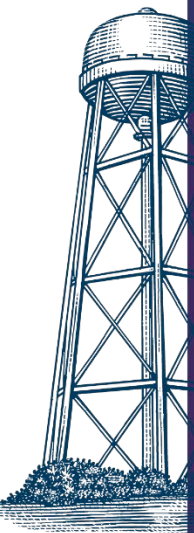
Keys to Successful Rate Approvals

- Using the most recent template – Current Version 6.2
 - <https://financeandbusiness.ucdavis.edu/bia/budget/resources/rates>
 - Current NUD Rate
- Populating all cells
- Completing the 193 Tab
 - If 'Other Misc' or 'Sent To/Rec'd From 'M'' add note explaining the transaction
 - Balance as % of Expenses for projected year cannot exceed 15%
- Deficit/Surplus – Reduction Plan
 - (Surplus)/Deficit Reduction Plan (additional annual \$ amount included in Rate Calculation to resolve prior year surplus or deficit balances)



Upcoming Website Reorganization

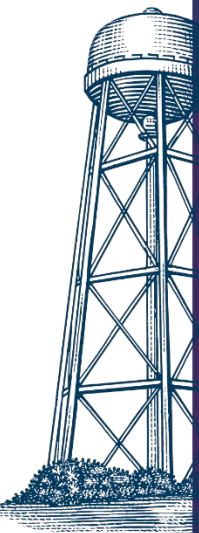
- Consolidated self-supporting recharge operation information into one cohesive site. Previously information was contained on multiple sites (BIA, Finance, Systems, HR, as well as the “Detailed Guidelines for Recharge Activities and Rates” document).
- Arranged information to correspond to the life cycle of a recharge operation.
- Included information on recent policy changes related to minimum thresholds, annual compliance, and closeout.
- Updated and removed links that are no longer existent.
- Information is currently under review by the Recharge Team.
- Goal is to launch new “Self-Supporting Recharge Operations” website by the end of January 2023.



Minimum Threshold

Recommendations on Minimum Activity Thresholds for Establishing/Maintaining Recharge Operations

- There must be a sound business case supporting the need for the recharge operation to exist that coincides with the University's mission of teaching, research, or public service, and where services to University customers will not be impaired.
- Direct costs (labor hours, supplies, materials, etc.) required to perform the service can be clearly defined
- Annual Expenses Threshold: Annual expenses included in calculated rate(s) should exceed \$50,000
- Services/Goods will be provided on a regular and continuing basis:
 - Demand for Services/Goods is reasonably projected to last for a minimum of 2 years
 - Services/Goods are provided throughout the course of the year
 - Services/Goods are provided to multiple customers



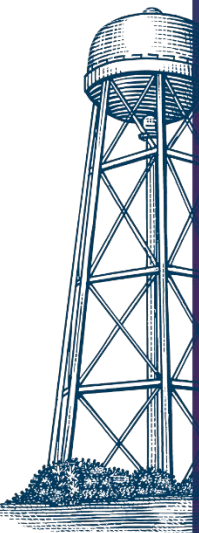
Minimum Threshold

Why establish minimum guidelines?

- Address Audit Management and Advisory Services finding during Recharge Operations Review
- Lack of appropriate & timely labor allocations in UC Path (direct retros or expense distributions)
- Compliance workload for departments, D/VC office and Recharge Team
- Generate discussion on drivers of low threshold activities
- Recognize any amount of goods/service provided to external customer can significant liabilities

What if my activity doesn't meet the minimum guidelines?

- Recharge Team is working on list of alternative processes to support cost recovery
 - Working with Revenue Contracts on updated approval letter that allows for approved rates or approved budget by the Dean/VC office.
 - Labor only direct charges to extramural activities utilizing Sub Fund Group "Other" fund #
 - Internal only, administrative recharges to non-extramural activities Sub Fund Group "Other" fund #



Open Q&A Session

- Open Q&A
- Suggestions for Future Forum Content

