



February 26, 2020

Subject: Annual Call for 2020-21 Sales and Service Activity Rate Proposals

Dear Colleagues,

I am writing to launch an annual call for new and existing Sales and Services Activities (SSAs) to submit their 2020-21 recharge rate(s) proposals for review and approval.

Over the last few years, the Financial Analysis Office (FAO) has worked with you and your recharge managers to identify gaps and streamline the review process. This annual call letter is one of many enhancements we hope will facilitate a more timely annual review and approval process, improve policy compliance, and ensure the financial health of these activities. We envision a future annual call letter to time with the annual Budget Call so that recharge budgets can be evaluated as part of a departments overall budget portfolio.

Another planned SSA enhancement is a TBD recharge kick-off meeting to review new policy and procedures, the CBRs impact, Service Level Agreements, and future training events. These annual kick-off meetings will be great opportunities to reinforce or communicate important issues affecting rate development, review, approvals, and monitoring.

Composite Benefit Rates

A significant change affecting this year’s recharge rate development process is the forthcoming implementation of Composite Benefits Rates (CBRs) on June 1, 2020. Recharge managers will need to calculate the impact of CBRs on their SSAs and possibly make adjustments to rates as needed. More information about CBRs is included in Appendix A and our [website](#).

Spring 2020 Recharge Review Target Dates

Key dates, resources, and training activities are described below.

Approval Type	Target Date	Forms
New SSA	April 30, 2020 if rates are effective July 1, 2020, and at least two months prior to planned start date if not submitted between March 1 and June 30	2020-21 Proposal Form
Adjustments for increases consistent with budget planning guidelines (no change in rate methodology)	Between April 30 and May 31, 2020	2020-21 Proposal Form
Adjustments for cost changes and volume	April 30, 2020 if rates are effective July 1, 2020, and at least two months prior to planned start date if not submitted between March 1 and June 30	2020-21 Proposal Form
All other	April 30, 2020 if rates are effective July 1, 2020, and at least two months prior to planned start date if not submitted between March 1 and June 30	2020-21 Proposal Form

Rolling Deadlines. For units with multiple recharge activity renewals, a single deadline can be challenging to meet; therefore, we have developed a rolling deadline schedule to allow these departments and control point reviewers more time to prepare recharge proposals for submission. Rolling deadline schedules for 2020-21 renewals will be sent to departments via email by February 28, 2020.

For rates effective in 2020-21, our target date is for complete proposals submitted by April 30, 2020 (or meeting rolling deadlines, if applicable) will be approved before July 1, 2020.

Resources and Training

We know that recharge guidelines – because they must adhere to federal costing policy – can be complex. To assist you and your recharge managers in understanding requirements and preparing proposals, Financial Analysis Office (FAO) has developed a website with a variety of resources. Links to training, proposal forms, and other key documents are available on the FAO website at <https://blink.ucsd.edu/finance/financial-analysis-office/ssa/index.html>:

- Detailed recharge proposal submission requirements and timelines for all proposals are described in the [Service Level Agreement](#)
- [Recharge Proposal Forms](#)
- Campus Recharge Policy: [Sales & Service of Educational Activities: Recharges by Academic Support Units and, Sales & Services to External Entities Policy \(PPM 300-87\)](#)
- Budget Planning Assumptions as outlined by CBO

In addition, FAO will hold a **Recharge Review Kickoff Meeting at a later date TBD**. This educational open house will provide an opportunity to review recent changes and highlights and for participants to ask detailed questions.

We appreciate your continued partnership in supporting the importance of federal costing policy and proper financial stewardship when dealing with the often-complex business issues presented by recharges. Our joint oversight helps to protect campus interests in light of the significant financial support UCSD receives from the federal government.

As always, we appreciate any suggestions for improving the SSA review process. Please do not hesitate to contact me or Senior Manager Danielle Powers at depowers@ucsd.edu if you or any of your units need help with recharge process or management issues. This letter will also be distributed to the campus recharge administrators' listserv.

Thank you,



Nilo Mia
Executive Director, Financial Analysis Office

Attachments

cc: Lizette Ou, BFS-GA Senior Accountant

Appendix A: Recharge Activity Proposals for 2020-21 - Review Process Highlights

Composite Benefit Rates

With the introduction of UCPATH on June 1, 2020, UCSD will post employee benefit costs using [Composite Benefit Rates \(CBRs\)](#) instead of actual individual benefit costs for each employee. The rates applied in CBRs are an average of all eligible benefits applicable to a benefit group. Employees are assigned to a benefit group based on job code and benefits eligibility.

Recharge proposals submitted for rate implementation starting **July 1, 2020** should use CBRs for financial planning and in development of recharge rates. In order to avoid over-budgeting benefit costs, recharge activities should use the **Campus Planning Benefit Rates (CPBRs)** for employee planning shown on the UCSD CBR website at <https://blink.ucsd.edu/finance/costing-analysis/cbrs/index.html>.

Equipment Depreciation on Recharges

Please ensure that any recharge operations with capitalized equipment purchased on or before December 31, 2019, has submitted to the FAO an **up-to-date depreciation schedule that includes such purchases by June 30, 2020**. Any capital equipment purchases not reflected on a recharge operation depreciation schedule *will be included in the campus Facilities and Administration (F&A) rate cost pool and will no longer be allowable on recharges*.

New Sales and Service Activity proposals may be submitted any time during the year, but please allow two months for our review prior to the planned start date for proposal submitted outside of peak financial period (between March 1 and June 30).

Renewal proposals are due to the FAO by **April 30, 2020**. Recharge units should route proposals through your offices for review and approval prior to submission to FAO.

Extended approvals. Sales and Service Activities with approved rates expiring on June 30, 2020, and with no identified compliance issues in the Annual Compliance Monitoring Report are eligible for a one-year extended approval of rates through June 30, 2021. FAO will send extended approvals to departments via email by May 30, 2020. Please note:

- Sales and Service Activities without a FAO approved proposal prior to FY15 are not eligible for an extended approval
- Sales and Service Activities that already received an extended approval for 2019-20 are not eligible for a further extension.
- Those activities that wish to change their rate methodology for 2020-21 must submit a full proposal to FAO by April 30, 2020 (or rolling deadline, if applicable).

Annual Recharge Activity Monitoring Report

FAO distributed the 2018-19 Recharge Activity Monitoring Report Summary to Control Points in October, 2019. The Monitoring Report summarizes the compliance status of existing recharge activities based on specific General Ledger transactions (e.g., surplus/deficit balances, unallowable expenses, and percent of federal funds recharged) and approval status in the recharge database.

- **Surpluses.** Federal policy allows over and under recovery of two-months of planned expense (16.67% of annual expense). Surpluses generated by overcharges to federal funds could result in a federal audit finding. Every effort should be made to ensure that year-end net position (surplus/deficit) does not exceed one month of the recharge unit's planned expense. It is critical that action is taken to address the surplus net position on those currently approved activities by submitting revised plans and rate calculations to FAO as soon as possible.
- **Inactive Recharge Activities.** Several recharge activities did not collect any recharge revenue during the 2018-19 year. A formal discontinuation request should be submitted for these activities. If the activity has a surplus and charged federal funds in the past, the discontinuation request should include a plan to return the surplus to federal agencies as soon as possible.