



University of California
San Francisco

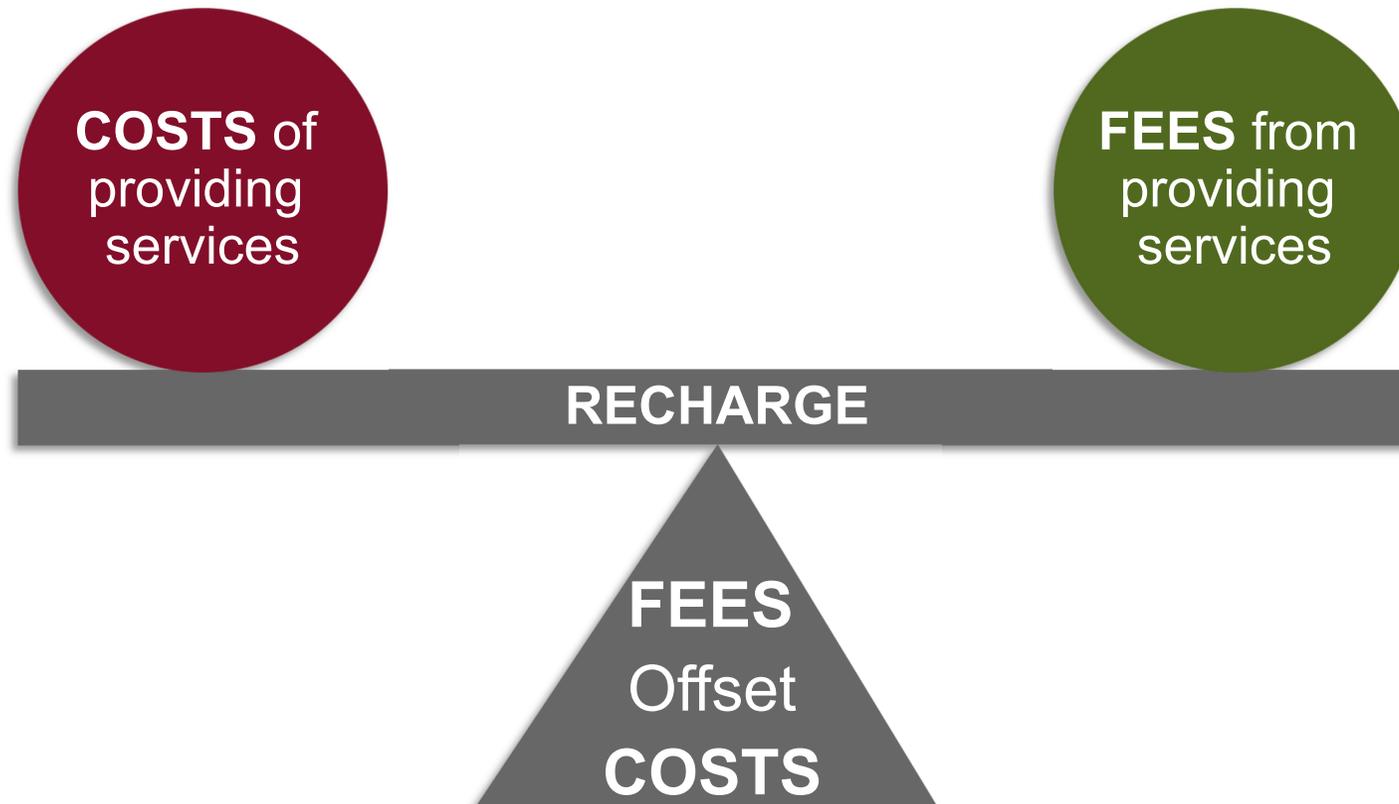
Recharge Basics

High-Level Recharge Overview

Recharge Review
Budget & Resource Management

What is a Recharge?

A recharge is an internal charging mechanism where the costs of providing products or services are recovered by charging fees based on an approved recharge rate



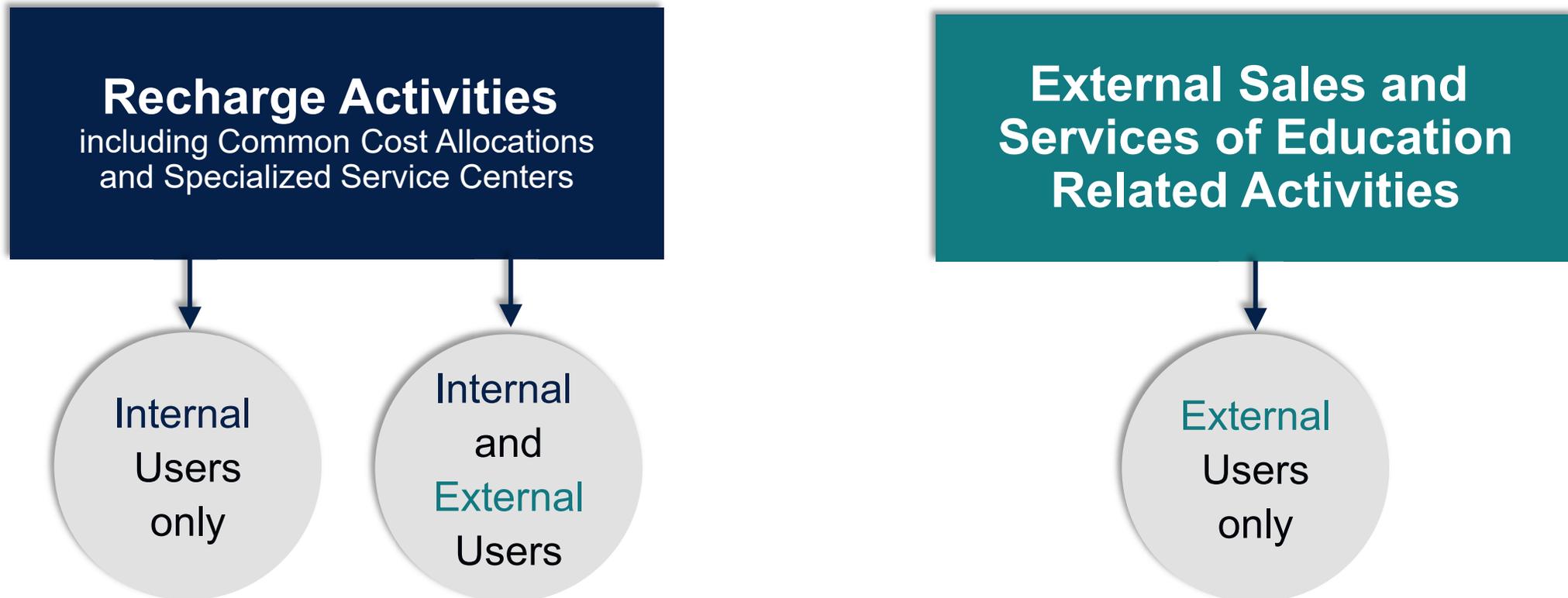
Recharges are NOT

- A way to generate unrestricted income
- A way to recoup unallowable or indirect costs from federal funds
- A method to recoup the cost of conducting courses, seminars, meetings, etc.
 - See guidelines in the UCSF Sales and Service Center Policy Guidance and Procedures Manual



What are Sales and Service Centers (SSC)?

A Sales and Service Center (SSC) is a university unit created for the primary purpose of providing products and/or services to **internal** university users and/or **external** entities in support of the university's education, research, and public service mission



Internal Customer



VS

External Customer



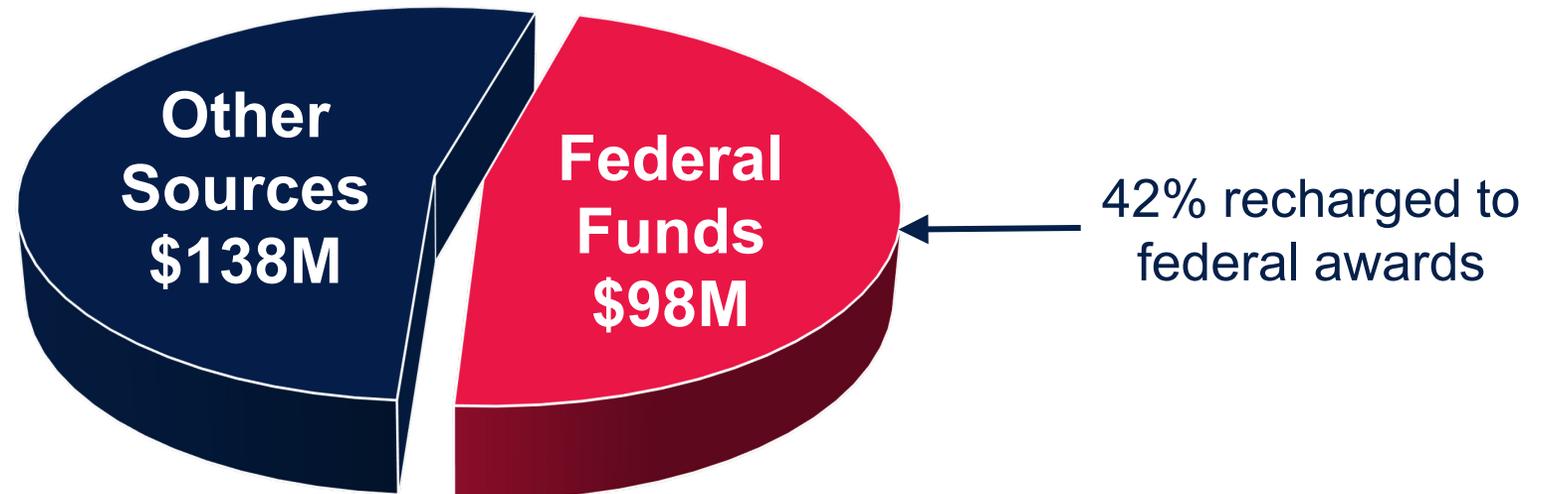
- University departments and other units, including those at other campuses, that receive products or services from a recharge unit or costed central activity
- Pay through a recharge journal in the university accounting system

- Users of products or services from a recharge unit or costed central activity that are external to the University
- Pay by cash, check, credit card

Why are recharges important?

- Federal policy requires that costs associated with providing products and services by a recharge activity are allowable and recovered through direct charges to users based on actual usage at a pre-established per unit price
- Recharge projects are established to record all costs and revenue related to the recharge activity in a discrete chartstring

UCSF operates **199 Recharge Activities** with a total annual budget of **\$236 million**



You should establish a recharge activity if:

- The **service** is related to the **mission** of UCSF
- A demonstrated **need** for the services exists by more than one University department
- There will be a **significant** volume of recharging, both in dollar amounts and in the number of transactions
- The service will be provided on a **regular** and **ongoing** basis
- The service is **unique** or **specialized**, as opposed to general administration or other institutional support services

UCSF uses recharges to recover **allowable direct costs for services** performed from all users of the recharge services and must comply with:



- **Federal Policies**



- **University of California (UC) System Wide Policies**



- **UCSF Policies**

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Federal Cost Accounting Standards establish principles for the allowability of costs included in the recharge rates as:

- **Reasonable** Costs are necessary for recharge operation and realistically reflect the benefit provided
- **Identifiable** Costs can be identified specifically with the recharge products, services, or administration
- **Consistently treated** Costs incurred for the same purpose, in like circumstances, must be treated as either direct or indirect costs
- **Allocable** A cost is allocable as a direct cost if the benefit received is identifiable with the goods and services provided

Allowable costs per Uniform Guidance include, but are not limited to:



Unallowable costs per Uniform Guidance include but are not limited to:

Alcoholic beverages

Entertainment

**Memberships
(except for professional organizations)**

**Advertising
(with some exceptions)**

Bad debts and related legal expenses

Fines and penalties

Short-Term Investment Pool (STIP)

Fundraising expenses and lobbying costs

Legal settlement costs

Charitable contributions

Direct charges for costs that have been included in the Facilities and Administration (F&A) cost pool and any other costs paid for by the Federal Government are unallowable costs to federal customers



Capital equipment purchases **cannot** be directly charged to a Recharge Activity, however:

- Depreciation of capitalized equipment, software, and facilities renovation for leasehold improvements directly related to a Recharge Activity may be included
- Capital equipment and software have:
 - a value of \$5,000 or more per unit,
 - a normal life expectancy of more than one year,
 - are not expendable, and
 - need to be added to the UCSF Asset Management Inventory System.
- Purchases below these thresholds are generally treated as supplies, which are expensed when purchased, and are not depreciated.

Depreciation is an accounting tool that is used to recognize and apply the cost of acquiring an instrument or piece of equipment across its useful life

- Annual depreciation is calculated on a straight-line basis using the full cost and the useful life



- Equipment depreciation must be moved from the recharge fund to the recharge renewal and replacement reserve fund on an annual basis, at a minimum
- Depreciation costs are **not** allowed on a recharge if they were already included in the F&A cost pool, or if all or a portion of the costs were paid for by the federal government

Products or services provided by Recharge Activities must have Service Units that are the basis for charging customers

- **Service Units** should be identifiable, measurable, and reasonable, and may be based on:



Volume
(per test, per gram)



Labor
(per hour)



Proportional Distribution
(per square foot, per FTE)

Or a combination of some or all the above

A Recharge Rate is a price per unit calculated based on the total Allowable Costs and the number of Service Units

Basic Rate Calculation Methodology

$$\frac{\$ \text{ Planned Cost of Providing Products/Services}}{\# \text{ Planned Number of Service Units to be Provided}} = \text{Recharge Rate per unit}$$

Note: A rate may be a formula rather than a price. For example:

“(Actual monthly expense / total assigned square footage) x user’s assigned square footage”

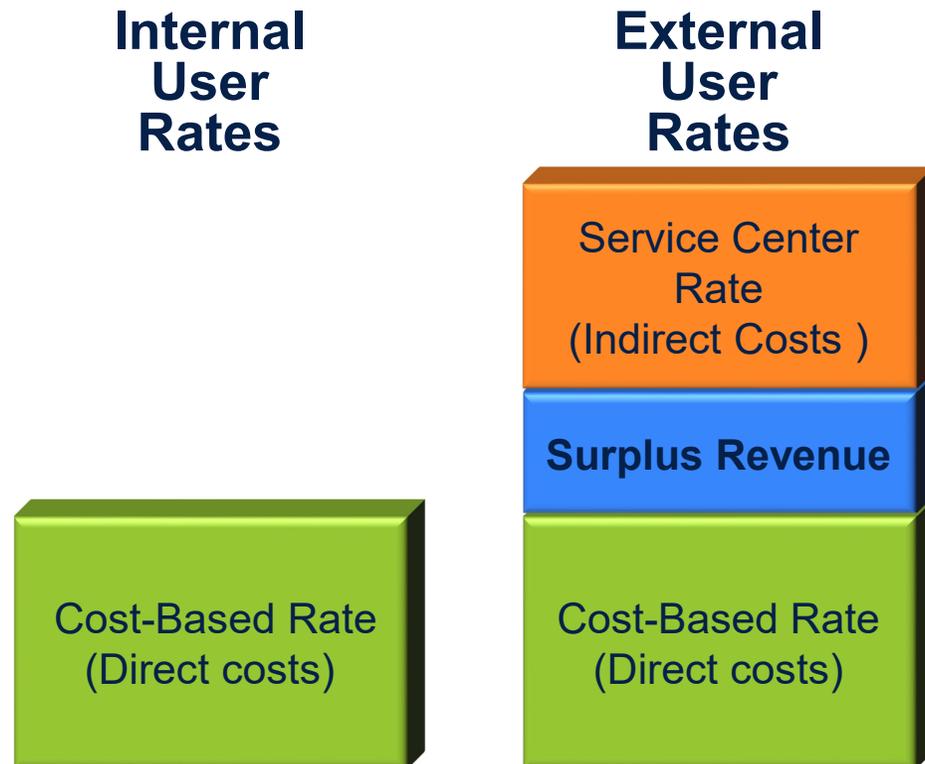
Recharges to external users must include the applicable Facilities and Administration (F&A) Rate

- The F&A rate for recharges is the **Service Center Rate**, which is applied as a markup to internal (cost-based) rates

Service Center Rate Schedule	
26%	Through June 30, 2026
33%	July 1, 2026 – June 30, 2027
39.5%	July 1, 2027 – June 30, 2028

- **If the recharge is a program income activity**, the F&A rate on the associated sponsored project is charged instead of the service center rate

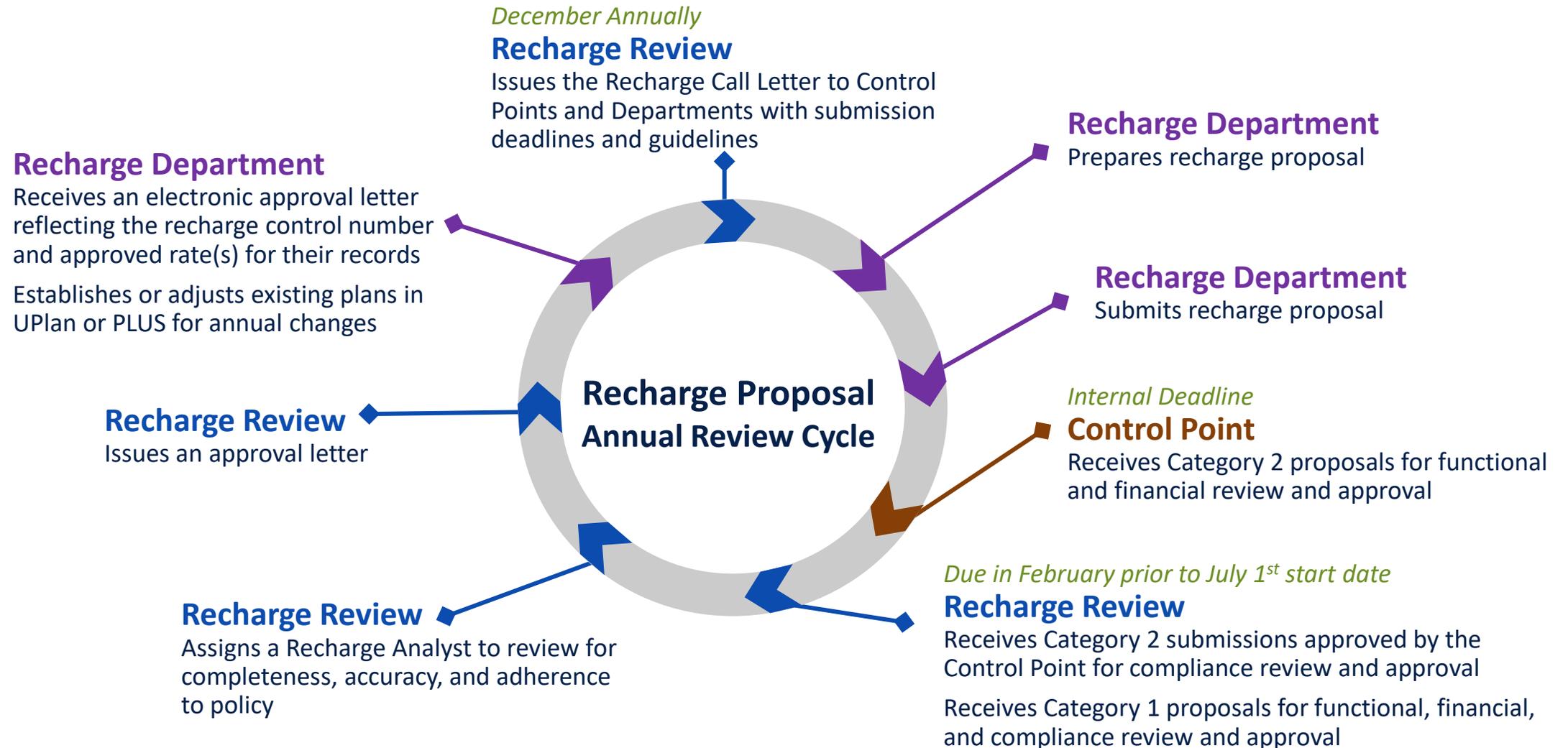
External users may be charged surplus revenue, which is a mark-up in excess of full direct costs



Surplus revenue may be:

- Retained in the recharge operating chartstring as an offset to expenses
- Transferred to the associated Renewal and Replacement Reserve Fund to be used to make capital purchases to support the recharge activity
- Transferred to a Surplus Revenue Reserve project associated with the recharge to be used in a manner that supports the recharge activity

Recharge rates must be approved by Recharge Review prior to charging customers for products or services



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