



Budget and Resource Management

November 24, 2025

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Subject: Recharge Activity Proposals for 2026-27

Dear Colleagues,

I am writing to launch the 2026-27 process for approval of recharge rates for new and existing recharge activities. Over the last few years, we have collaborated with you and your recharge managers to streamline the review process. Again, this year’s process includes various enhancements that we hope will further refine the process, improve policy compliance, and ensure the financial health of these activities.

Spring 2026 Recharge Review Deadlines

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

Approval Type	Deadline	Forms
New recharge activities	At least two months prior to the planned start date	2026-27 New Proposal Form
Extended approvals of rates approved through 6/30/2026	Extended approval letters will be sent to departments by December 12, 2025	
Adjustments for cost changes and volume (no change in rate methodology)	Between April 14 and May 29, 2026	Rate Change Request Form
Multiple recharge renewals	Rolling deadlines will be communicated directly to departments by December 5, 2025	2026-27 Renewal Proposal Form
All other recharge renewals	February 23, 2026	2026-27 Renewal Proposal Form

New recharge activity proposals may be submitted any time during the year, but please allow two months for our review prior to the planned start date.

Renewal proposals are due to the Recharge Review Team in Budget and Resource Management (BRM) by **February 23, 2026**. Recharge units should route Category 2 recharge proposals through your offices for review and approval prior to submission to BRM. (Category 2 recharge proposals are

those with annual planned expenses of at least \$100,000 and over 50% federal participation or with annual planned expenses of at least \$500,000 regardless of federal participation.)

Extended approvals. Recharge activities with approved rates expiring on June 30, 2025, 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, 2026. BRM will send extended approvals to departments via email by December 12, 2025. Please note:

- Recharge activities that received an extended approval for 2025-26 are not eligible for a further extension.
- If there are no changes in the rate calculation methodology for 2026-27, recharge activities that wish to adjust their rates to include increases or decreases in recharge operating costs and/or volumes may do so by submitting a [rate change request form](#).
- Those activities that wish to change their rate methodology for 2026-27 must submit a full proposal to BRM by February 23, 2026 (or rolling deadline, if applicable).

Rolling Deadlines. For units with multiple recharge activity renewals, meeting a single deadline can be challenging; 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 2026-27 renewals will be sent to departments via email by December 5, 2025.

For rates effective in 2026-27, our commitment is that complete proposals submitted by February 23, 2026 (or meeting rolling deadlines, if applicable) will be approved before July 1, 2026.

Resources and Training

We know that recharge guidelines – because they must adhere to federal costing policy – can be complex. The attached Appendix A highlights the key elements of the 2025-26 review process. The UCSF Recharge Review website provides essential resources to help recharge managers develop proposals and ensure compliance with federal and university policies. Links to training, proposal forms, and other key documents are available on the Budget and Resource Management website at <https://brm.ucsf.edu/recharge-review-0>:

- 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 Center\(s\) – Recharges, External Sales & Services of Education Related Activities, & Common Cost Allocations](#)
- [UCSF Sales and Service Center Policy Guidance and Procedures Manual](#)
- Budget Planning Assumptions (<https://brm.ucsf.edu/annual-budget-call>)

Additionally, BRM will hold a Recharge Review Kickoff Zoom meeting on December 10, 2025, from 10:00 a.m. to 11:00 a.m. This educational meeting will provide an opportunity to review recent changes and highlights, and for participants to ask detailed questions. Recharge administrators [can register here](#).

Recharge Review has sent out an email invitation to the campus recharge contacts (i.e., control points, recharge managers, and recharge administrators). For those unable to attend the Zoom session, we will post the session's slide presentation on our website.

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

As always, we appreciate any suggestions for improving the recharge activity review process. Please do not hesitate to contact me or Recharge Manager Gabriella Hato at gabriella.hato@ucsf.edu if you or any of your units require assistance with the recharge process or encounter management issues. This letter will also be distributed to the campus administrators' listserv (CALIST).

Thank you,

DocuSigned by:

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Michael Baldelli
Executive Director, Operating Budget, Recharge Review, and Resource Administration

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cc: Senior Associate Vice Chancellor and Chief Financial Officer Clune
Associate Vice Chancellor and Controller Turner
Assistant Dean Ames
Director of Finance Hajek
Budget and Resources Director Joves
Director of Finance Lau
Business Contracts Manager Chiu
Manager Hato
Financial Analyst Chan

Appendix A: 2026–27 Recharge Activity Review and Proposal Highlights

This appendix summarizes findings from the annual monitoring report and outlines a proposal to adjust indirect cost rates for external users.

Annual Recharge Activity Monitoring Report

Recharge Review distributed the monitoring report to department managers in September 2025, summarizing the compliance issues identified in the 2024–25 data.

Compliance Area	Finding	Impact & Action Required
Surpluses/Deficits	49% of activities exceeded the allowable 16.6% threshold (60 days of expense).	Risk: Audits (if federal funds are overcharged) or burden on future users. Action: Submit revised plans and rate calculations immediately to Recharge Review to ensure year-end net position does not exceed the threshold set by UC policy BFB-A-47.
Unallowable Costs	22% of activities had unallowable costs (increase due to bad debt).	Risk: Non-compliance. Action: Departments must transfer all unallowable expenses (e.g., bad debt via Account 52900) off recharge projects by fiscal year-end.
Operating Without Approval	5% of activities lack the required approval/renewal.	Risk: Serious audit risk and potential federal disallowances. Action: Submit a full proposal to Recharge Review immediately.
Inactive Activities	Several activities had no revenue in 2024–25.	Action: Submit a formal discontinuation request. If federal funds were previously charged, include a plan to return any surpluses to the federal agencies.
Depreciation Transfers	10% had incomplete transfers to the renewal and replacement reserve fund.	Action: Ensure planned equipment/building depreciation per approved schedules is transferred correctly.
Incorrect Chartstrings	Expenses/revenues posted to incorrect Dept IDs.	Action: Record all recharge activity transactions in the approved chartstring only.

Managing Unallowable Bad Debt Expenses

Departments are responsible for all collection efforts related to Department Accounts Receivable (Dept A/R) invoices.

- **Delinquency:** Invoices are delinquent after 30 days. Departments should promptly contact external customers to follow up on non-payment.
- **Write-Off Process:** The Controller's Office writes off uncollected external invoices six months post-billing date, charging the expense (Account 52900 – Bad Debt Expense-Uncollectable) to the department.
- **Recording:** Bad debt is an unallowable expense on recharge projects and must be transferred off the project by fiscal year-end.
- **Resources:** Use the Department Accounts Receivable Report in [MyReports](#) to track invoice status and the [Unclaimed Payments List](#) from the Controller's Office to reconcile payments. Work with the Controller's Office to ensure timely and accurate recording of all transactions.

Reconciliation Requirement

Federal policy mandates that any prior year's over- or under-recovery must be rolled into the next rate calculation for each service line. Use the "Reconciliation" tab in the renewal proposal to apply the 2025-26 net position to the 2026-27 plan.

Proposed Increasing External User Indirect Cost Rate to 39.5%

Budget & Resource Management seeks to raise the indirect cost (IDC) rate for non-university external customers from 26% to the federally negotiated rate of 39.5% for Other Sponsored Activities (OSA).

Rationale:

- **Compliance and Risk Mitigation:** The current 26% rate is outdated and poses an audit risk. Increasing it to 39.5% aligns UCSF with federal regulations (Uniform Guidance) and peer institutions, ensuring external users cover the full indirect costs and do not subsidize university activities.
- **No Impact to Internal Users:** The change affects only external clients. UCSF internal departments and federally sponsored activities will continue to be charged based on allowable direct costs.

Implementation:

Stakeholder Engagement: We are currently meeting with Control Point leads for their feedback on the proposed changes. We will also communicate any potential change to key stakeholders during the Fall 2025 Recharge Call.

Rate Adjustment: We are currently meeting with Control Point leads for their feedback on the proposed changes. We will also communicate any potential change to key stakeholders during the Fall 2025 Recharge Call.