



University of California  
San Francisco

# Recharge Basics

## *Recharge Review & Approval Process*

Recharge Review  
Budget & Resource Management

This module will help you understand the recharge review, submission, and approval process required to approve new recharge rates

## Topics

- Recharge classifications
- Types of review and approval
- Institutional risk categorization
- Recharge annual review cycle
- Base year approval model
- Functional, financial, and compliance review
- Length of approval

Recharge proposals received for review are classified in three ways in the recharge review process

**Type of Activity**

**Type of Review and Approval**

**Institutional Risk Category Assessment Criteria**

## **Identifiable goods or services**

Provided at the request of the user

## **Common cost allocation**

An allocation of shared costs benefiting multiple projects

### **Types of recharge activity**

## **Central campus administration**

Services provided by central campus administration units to self-supporting activities, or for services provided beyond the norm to those activities

## **Auxiliary enterprise**

Self-supporting activities which provide non-instructional support in the form of goods and services to students, faculty, and staff

# The type of review and approval refers to the recharge proposal's classification

**New recharge activity**

establishes a recharge activity that did not exist before

**Renewal**

used for any subsequent year of an existing recharge activity that previously received approval

**Rate change**

a request to adjust the rates of an approved recharge activity based on changes in the operational cost with no change in the rate methodology

**Transfer of ownership**

the ownership of an approved recharge activity is transferred from one department to another department

**Discontinuation**

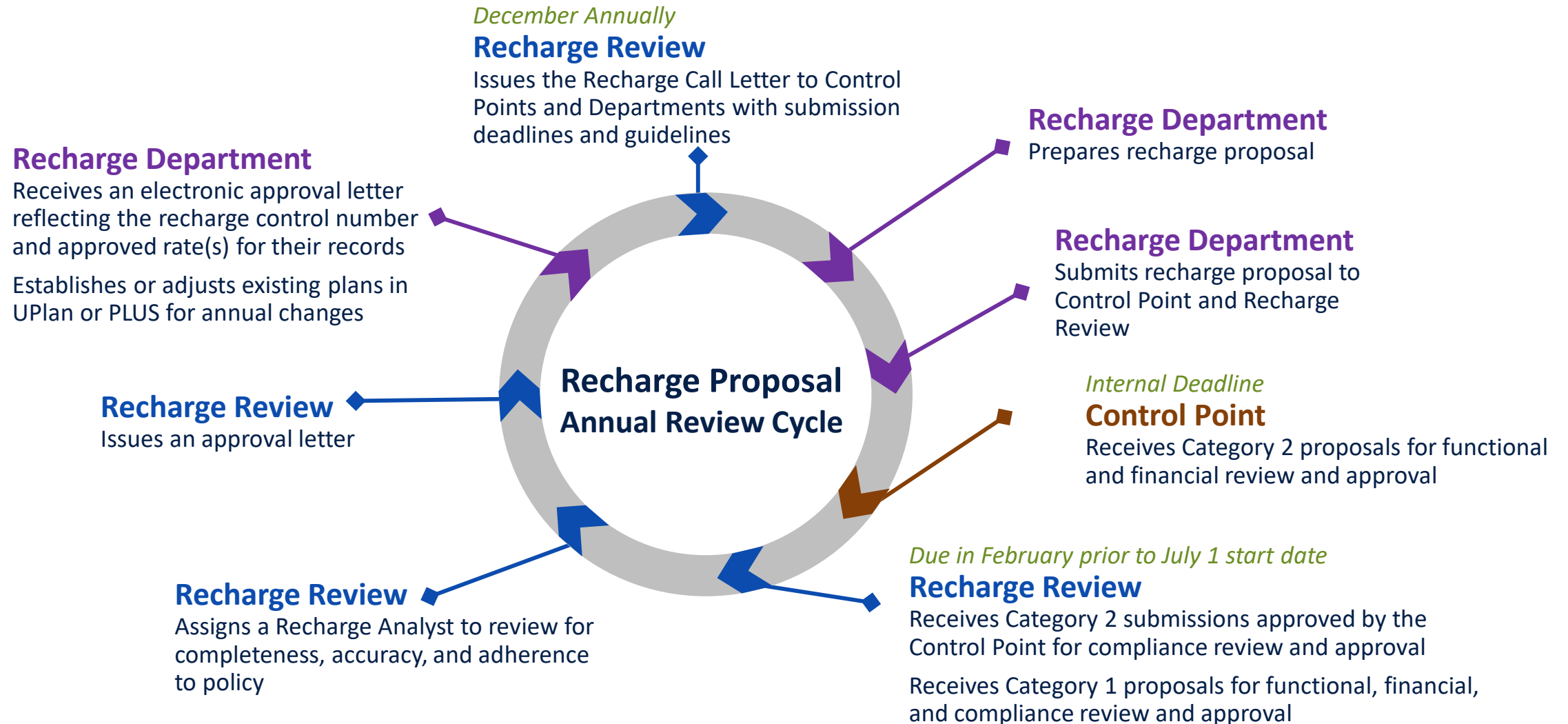
termination and closing out of a recharge activity

# Institutional risk categorization classifies recharge activities based on the total annual plan and the anticipated federal participation risk assessment criteria

Dollar Value (Total Annual Plan)		Federal Participation (%)			Recharge Risk Category
<u>Planned Adjusted Expense Range</u>		0%	> 0% to < 50%	50% or higher	
Annual Plan (\$)	< or = \$100,000	Low	Low-Medium	Medium	CATEGORY 1
	> \$100,000 and < \$500,000	Low-Medium	Medium	Medium-High	
	> or = \$500,000	Medium-High	Medium-High	High	CATEGORY 2

Common cost allocations are not categorized based on institutional risk

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



# The **Base Year Approval Model** allows new rates to be reviewed and approved before old rates expire

## Base Year (2019-20)

Most recently completed fiscal year

## Preparation Year (2020-21)

### Rate proposals:

- Developed using base year financial information
- Reviewed and action is taken
- Rates published in a timely manner for all users

## Implementation Year (2021-22)

New rates take effect at the start of the fiscal year



# The Recharge Review and Approval Process consists of 3 types of reviews:

## Functional Review

Evaluates the need for the services provided by a proposed recharge activity and the relevance to the department or organization's strategic objectives and priorities to ensure efficient utilization of department resources.

## Financial Review

Evaluates the financial viability of a proposed recharge to assess that the right equipment, personnel, funding, target users, product/service unit measures, rate methodology, rate, administration, and service/product have been included when proposing the recharge function and cost recovery mechanism.

## Compliance Review

Validates that both the recharge activity and the method by which the entity aims to recover costs for that recharge activity are compliant with both University of California and Federal policies, regulations, and requirements.

- **Category 1** proposals are submitted directly to **Recharge Review** for **Functional**, **Financial** and **Compliance** reviews and the Control Point is copied on the submission
- **Category 2** proposals are submitted directly to the **Control Point** for **Functional** and **Financial** reviews and then forwarded by the Control Point to Recharge Review for **Compliance** review and final approval

# The recharge activity's risk level determines the type of recharge review and length of approval

	Risk Level	Reviewer(s)	Approval Duration
Category 1	Common Cost Allocations / Low	Recharge Review	Permanent
	Low-Medium	Recharge Review	5 Years
	Medium	Recharge Review	3 Years
Category 2	Medium-High	Control Point and Recharge Review	2 Years
	High	Control Point and Recharge Review	1-2 Years

**Note:** If there is a change in the approved rate methodology or risk level (due to an increase in plan or federal participation) during the approved period, a recharge proposal submission is required.

**Common cost allocations** are reviewed and permanently approved based on appropriateness of the applied rate methodology, regardless of the size of the plan and/or federal participation, assuming no changes in rate methodology.

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