

From: VCFA Finance and Administration
To: budgetofficers@lists.wisc.edu
Subject: Increase to the Centralized Service Charge
Date: Friday, January 18, 2019 9:44:24 AM

Colleagues,

Since 2003, the University has assessed a Centralized Service charge on Funds 128 and 136. Over the years the rate has increased periodically; the last time was in FY16 (to 5%) and prior to that was in FY13 (to 3.0%). To support the rising costs of administrative services, we are planning to increase the rate for FY20. This increase will be similar to previous increases as we will be raising the rate from the current 5% to 7%.

Periodic rate increases are necessary to maintain an adequate level of service from support units. Moreover, campus initiatives which have spurred enrollment growth, generated more summer activity, and funded facility renovations have provided new opportunities for revenue growth to help offset the cost of the higher assessment. As you know, a number of academic units have incurred reductions in their general operations budgets in recent years and lack the capacity – which auxiliary units possess – to offset these cuts through income growth.

We currently lack the financial tools or have a budget methodology in place to easily calculate a true rate of overhead. These deficiencies will be remedied in the next 3-5 years and we can move to a more transparent and accurate method for calculating an annual overhead rate. We look forward to gathering your input when we are ready to transition to this new methodology.

Thank you for your cooperation in adjusting your budgets to incorporate this assessment in your upcoming budget.

-Laurent

*Vice Chancellor for Finance and Administration
Bascom Hall
500 Lincoln Drive
Madison WI 53706
Office 608.263.2467*