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Vice Chancellor and Chief Financial Officer

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November 19, 2015

COUNCIL OF DEANS AND VICE CHANCELLORS

RE: Common Good Assessment

Dear Council of Deans and Vice Chancellors:

I am writing to formally announce the January 1, 2016, implementation of a common good assessment (CGA) that will allow us to end the practice of recharging for the following services:

- The substantial majority of voice and data services provided by Information and Educational Technology (IET)
- Selected safety services, such as background checks, cash escorts, aggie host event staff
- Room rental reservation fees supported by Campus Events Services
- Overhead on small capital projects and custodial service (direct labor and materials are not included).

A full list of the specific services affected is online at <http://budget.ucdavis.edu/common-good-assessment/index.html> as is a white paper that provides details about voice/data services included in the CGA and those that will continue to be subject to a recharge (fee for service). The services that are transitioning to the CGA were thoroughly analyzed by a team of experts, including representatives from Accounting and Financial Services, Internal Audit Services, the Provost/EVC's Office, Budget and Institutional Analysis and service providers. We worked closely with the assistant deans, chief operating officers and separately met with ADMAN representatives and others about this approach.

The key principles for selecting the initial round of services in the CGA are described below.

1. There is no compelling reason to offer the services on a fee-for-service basis because they are consumed or might be consumed by departments and other units in the everyday course of university business—indeed, use of these services is essential for the safe, effective, and efficient conduct of university business.
2. These services are generally not subject to overconsumption or other forms of moral hazard.

3. Using a simplified CGA funding mechanism will reduce unnecessary frustrations and barriers associated with inter-departmental recharges, remove cost-based disincentives for use of campus safety services, and reduce recharge-related transaction costs.

Effective January 1, 2016, campus users of these common good services will no longer be recharged for them. Instead, the cost of providing these services will be recovered through an assessment on Davis campus payroll expenses (contracts and grants are excluded).

Details of the assessment methodology and projected assessment amounts by unit at the dean and vice chancellor level may be found on the CGA website. Multiple assessment rates are necessary to offset the historically uneven consumption of overhead and safety services. As well, the various rates ensure that no unit—at the level of dean or vice chancellor—is better or worse off due to the transition from recharge to assessment. Of course the experience of individual departments and units may vary—and any unit-by-unit financial buffering will be at the discretion of the individual deans and vice chancellors.

It is my aim that this approach to common good services will enable units to provide essential services at acceptable quality without the obstacles and costs inherent in the recharge process. Therefore, mutual accountability for cost and quality of service between service providers and consumers is a critically important aspect of the CGA. Expectations of service quality for each of the services supported by the CGA is documented in Service Partnership Agreements. As well, costs for each service will be reviewed annually through the annual budget process with assistance from Budget and Institutional Analysis. Finally, there will be a formal post-implementation review of the CGA after its first 18 months of operation during which input will be solicited from a broad variety of campus constituents.

Provost and Executive Vice Chancellor Hexter will arrange a time for the Council of Deans to review and discuss this in more detail. As well, staff from BIA and IET are available to meet with your teams locally to explain the methodology more fully and answer any questions.

We look forward to continuing conversation with you about the CGA, possibilities for improving it, and services that we might add to it over time.

Sincerely,



Dave Lawlor
Vice Chancellor and Chief Financial Officer

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c: Assistant Deans and Chief Operating Officers
Senior Associate Vice Chancellor Ratliff
Director Loessberg-Zahl
Director Nachman
Executive Director Sublett