




Memorandum


From: Paul Alivisatos, Executive Vice Chancellor for Academic Affairs and Provost

To: Henry Brady, Dean, Goldman School of Public Policy
Courtney Chandler, Chief Strategy & Operating Officer and Senior Assistant Dean, Haas School of Business
Fiona Doyle, Vice Provost for Graduate Studies and Dean of the Graduate Division
Rick Russo, Dean, Summer Sessions, Study Abroad & Lifelong Learning; Associate Vice Chancellor, Undergraduate Education
Diana Wu, Dean, University Extension

Date: October 4, 2018

Re: Charge to Finance Reform Revenue Sharing Working Group

Thank you for agreeing to serve on the Finance Reform Revenue Sharing Working Group, which will examine and recommend changes, as needed, to the university's revenue sharing agreements. Through this memorandum I am writing to communicate the specific charge to the working group and other important information about the process you are about to undertake.

Working Group Charge

Below are a set of assumptions and key questions to guide your work. As the process moves forward, please keep in mind the overarching principles that have been established for the Finance Reform Initiative since the beginning: Your proposal should ultimately yield a campus budget model that is improved in terms of its simplicity, predictability, transparency, and alignment of funding to workload, cost, productivity and goals. The proposal should also be developed with an eye toward achieving the outcomes identified by other groups on campus that have worked on finance reform issues (e.g., Financial Strategies Working Group, Incentives Working Group, Working Group on Public and Common Goods).

Assumptions:

1. Programs participating in revenue sharing agreements benefit from university services and, more generally, being a part of UC Berkeley. It is, therefore, appropriate that program revenue be shared with the center to help cover costs and support the institution.
2. The basis of the university's share of revenue as established by agreement should be carefully reasoned and clearly articulated.

3. The university's share of revenue for particular types of agreements (e.g., self-supporting programs, administrative full costing) should be applied consistently across units unless there is a compelling reason not to do so.
4. Given the importance of revenue generation to Berkeley, agreements should strike an appropriate balance between supporting the university and facilitating program quality and profitability.
5. To the extent possible, the number of revenue sharing agreements should be reduced in the interest of simplicity and transparency.

Key Questions:

1. What are the relevant services and other benefits that the university provides to programs participating in revenue sharing agreements? To what extent do services differ depending on the type of program?
2. What is the cost of services that the university provides to programs participating in revenue sharing agreements? What is the assessment needed to cover these costs? To what extent are existing revenue sharing agreements consistent with covering these costs?
3. Currently, there are different rates charged to different types of programs on campus. Is there a coherent rationale for the different rates? Should they all be treated the same?
4. To what extent should charges currently assessed through revenue sharing agreements be maintained versus folded into a broader campus-wide model for common goods funding? (Question to be addressed in concert with Common Goods Working Group).

Proposal

The proposal you develop should be consistent with the assumptions and responsive to the questions identified above. Your recommendations should be clear in terms of a description/rationale, impact on affected units, and any relevant methodologies, definitions, (e.g., metrics, weights, calculations, reporting periods), and analyses. Measures recommended to preserve the quality of programs and services (e.g., phased implementation plans) should be discussed, as well.

Workflow and Timeline

To stay on track with the Finance Reform Work Plan, review of your proposal by campus leadership and the broader university community will take place in the spring 2019 semester. The proposal should therefore be completed by February 1. To that end, you must proceed expeditiously for the remainder of the fall semester and the early part of the spring semester. Your working group should plan to meet every other week, though the chair will have the discretion to adjust the schedule based on the flow of work. On a monthly basis, the chairs of all three working groups will meet with me to provide an update on your progress and discuss any issues that may arise during the course of your work. I have

asked Henry Brady, Dean of the Goldman School of Public Policy, to serve as chair of the Revenue Sharing Working Group.

Development of your proposal will require a significant amount of staff support, analysis, and modeling. This work will be provided by the Office of Financial Planning & Analysis augmented by subject matter experts from the Office of Planning & Analysis and the Chief Administrative Officer/Divisional Finance Leader community. They will join you in your meetings.

Resource Materials

To assist in your work – and to bring those of you who are new to the process up to speed as quickly as possible – we have created a Finance Reform Google Drive to share resource materials for the project. You will find on the drive [Finance Reform Initiative foundational documents](#), which include a high-level work plan, scope of work, organizational structure, etc. for the entire Finance Reform Initiative. In addition, we have created a folder for [Revenue Sharing Working Group reference materials](#), which includes thought papers and other documents related to your specific charge. The resources available on the Google Drive will be expanded as the project continues.