

PALO ALTO COLLEGE COLLEGE PROCEDURE

Procedure Number:	B 6.0
Procedure Title:	Budget Allocation, Amendments, and Consolidation (Sweeps)
Relevant Board Policy:	C.1.4 Budget
Relevant Board Procedure:	C.1.4.1 Annual Operating Budget
Originating Unit:	College Budget Office
Maintenance Unit:	Vice President of College Services

- I. **Purpose:** To outline a procedure for allocating, sweeping, and consolidating Palo Alto College's (PAC) operating budget (113001) in accordance with the annual Alamo College's current, unrestricted, fund balance principles. Each year, the Board adopts a budget on or before September 1 and provides each College authority to expend funds in accordance to state law, Alamo Colleges District policy, and Alamo Colleges District's approved procedures.

- II. **Procedure Statement:** The annual fiscal year (FY) for the Alamo Colleges begins September 1 and ends on August 31. The approved budget for PAC is developed to support, to the maximum extent possible, the goals of the College's approved five-year strategic plan for the academic year stated in fiscal terms. Budget adjustments (transfer of budget between units and different expense accounts) and reallocation of contingency funds are allowed to support and facilitate implementation of PAC's strategic plan. This includes amending approved budgets as a result of program performance and/or consolidating unspent budgets to fund competing priorities.
 - A. **Budget Allocations:** The allocations sent forward by PAC to the Board for approval encompass multiple funding strategies that balance the College's labor and non-labor budgets. In addition, the balanced budget provides reasonable contingencies to meet unforeseen demands.
 - i. Strategic Plan
 1. The budget for PAC is driven by an inclusive, consistent, transparent, and comprehensive strategic plan that is reviewed and developed every five years. The plan reflects PAC's mission, values, culture, goals, and strategy.
 - a. The plan is supported by a budget that is supplemented by a well-designed forecasting regime of student and program performance data.
 - i. Outcome-driven Program Reviews and Unit Plans
 - ii. The 4DX platform is used to create measurable milestones and goals by semester for the unit
 - iii. Annual staff and faculty performance plans, SMART Goals, and professional development plans
 - iv. Institutional Research Data Portal adds valuable historical knowledge about program performance and other key success factors

B. **Approved Budget Amendments and Adjustments:** The approved budget may be amended during the fiscal year as increases or decreases to allocate additional funding received for high-performance by semester, new program activity funded through requesting additional funding from contingencies, or to decrease budgets due to under enrollment and/or program performance.

i. Board Amendments

1. Savings Incentive Program

a. Up to 50% of “net savings” or “net over expenditures” (as defined by the Vice Chancellor for Finance and Administration) may be carried forward from the prior year to the next budget year to provide a funding mechanism in each College president’s and vice chancellor’s budget for priority initiatives and to incentivize a culture of savings.

b. Carry-over amounts not utilized within two years will revert to the district’s fund balance.

2. Cost-Share Amendment

a. Additional funding received as projected costs for managing Early College High Schools and Dual Credit partnerships.

b. Received in December or may be receive as actuals after each semester.

3. Actual Enrollment and Contact Hours Over/Under Projected

a. Budget increase received or reduced at the end of the semester based on actual performance and projected allocation

ii. College-wide Amendments

1. Cost-Savings Strategies

2. Strategic Plan Changes

3. Position Management Plan (Ratios, Enrollment, Sectioning, etc.)

4. Non-Formula Revenue Reduction

iii. Program-specific Adjustments

1. Increase in budget to support additional in-year expenses that were not included in the Unit’s Program Review or Unit Plans.

a. Additional funding, whether directly requested by the President through another department or not, must be submitted to the budget office using form and procedure [B 3.0 Funding Request](#).

2. Unused revenues for programs which have been identified and approved by the Board of Trustees as high cost and have special program tuition

iv. Budget Sweeps, Consolidation, and Year-End Accrual Adjustments

1. Consolidation of unspent dollars in the operating fund balance (113001) is done through a “budget sweep” process that involves closing unnecessary purchase orders (PO), assessing unrealized goals, and reviewing POs for closure or year-end accrual adjustments

a. Budget sweeps are scheduled three times a year in April, June, and August

i. Accounts excluded from budget sweeps:

1. District departments that are physically located at the College such as: Facilities, Department of Public Safety, Student

- Financial Services, and Human Resources are not included in PAC's operating fund balance.
2. Revenue generating departments such as: programs charging Special Program Tuition, student fees of any kind, sales and services, and other auxiliary activity
 - ii. Swept accounts use the current-year operating fund balance (113001) and are funded through contact hours and enrollment projections:
 1. Academic Support
 2. Institutional Support
 3. Instruction
 4. Student Success
2. Funds swept by the budget office are used to make end-of-year purchases and to fund priorities identified by the President and VPs for Unit Plans
- a. Swept funds cannot be used to fund new positions or purchases that will roll-over into the new fiscal year.
 - b. Swept funds must only be used for the purchase of items and/or contracted services that can be rendered and finalized during the current fiscal year or by the end of the fiscal year (August 31)
 - i. If products and/or services are rendered by August 31, but have not been paid to the vendor, a request for a year-end accrual adjustment must be submitted via a memo to the College Budget Officer (CBO) and the VP of College Services (VPCS) on or before August 31.
 1. The CBO and VPCS have five business days from the start of the new fiscal year (September 1) to submit a list of such products and/or services to the Associate Vice Chancellor of Finance and Fiscal Services (AVCFFS) for consideration.
 - a. To be considered, year-end accrual adjustment requests must be at least \$5,000
 2. The memo must be addressed to the AVCFFS, through the division's VP, CBO, VPCS, the President of PAC, and include the following:
 - a. The reason why the items and/or services have not been paid for,
 - b. Dates items and/or services were rendered, or when they are expected to be received and finalized within the current fiscal year,
 - c. A copy of the invoice,
 - d. A copy of the fully executed contracts (if applicable),

- e. Purchase order (PO) number(s),
 - f. Individual FOAPs where items/services will be charged,
 - g. And itemized amounts for each FOAP.
3. Budget sweeps are coordinated by the budget office, the unit's dean's office, and the division's VP's office
4. Each department, using the operating fund code 113001, must fill a "Budget Reserve" form for each of their FOAPs with pending expenses and amounts being reserved for those purchases.
 - a. Departments that do not submit a "Budget Reserve" form for any of their FOAPs will have the department's accounts swept by the budget office
5. The budget office determines available funds by running a Budget Versus Actuals (BVA) report for fund code 113001 and submits it to VPs and the president
 - a. The BVA balances are calculated using: adjusted budget, less year-to-date (YTD) activity, less encumbrances
 - b. The report is summarized in a hierarchy layout:
 - i. Summary (PAC)
 - ii. Division (VPs)
 - iii. Division and Sub-Division (VPs and Deans)
6. VPs work directly with deans to identify unfunded priorities
 - a. VPs may choose to let deans fund their own division priorities by asking them to keep the swept funds or request all swept funds be pooled at the VP's level to use on high-priority items.
 - i. If allowed, deans may then choose to sweep funds for their division and prioritize their own high-priority items or leave budgets in department accounts.
 - b. VPs may also choose to sweep funds and turn them into the budget office to fund College-wide priorities established by the President
 - c. VPs may also be asked by the President to sweep funds to fund priorities and strategies set by the Chancellor
 - d. Funds may also be swept in the event the College does not meet projected contact hours and/or enrollment
7. The "Budget Reserve" form must be submitted at each level and a summary of swept funds must be e-mailed to the CBO and VPCS for tracking purposes
 - a. The e-mail must be summarized by VP level and Dean level

Date Created: November 17, 2020

Date Approved: December 15, 2020

Approved:

(signed: Katherine Doss)

Interim Vice President of College Services

(signed: Dr. Robert Garza)
President