

SECTION 4

RECONCILING ANNUAL BUDGET PLANS WITH ALLOCATIONS

S. 20.285(1)(a) of the budget law gives the University System the flexibility within legislative intent to transfer funds between program categories subject to quarterly reviews by the Department of Administration. Procedurally, the law requires System Administration to (a) identify and report inter-program transfers made in the preparation of the annual budget and allotment requests, and (b) report quarterly on transfers made during the fiscal year. These requirements apply to Funds 101 through 106 only.

Please note- Form 8, referred to below, should exclude Fund 105.

- A. The attached reconciliation format (Form 8) allows you to identify and separate activity shifts into two categories:
1. Budget Reclassifications - In this section, please provide explanations for shifts of a continuing function between two or more activity codes. Re-coding of services for the purpose of conforming to activity definitions fall into this category. For example, the reassessment and resulting redistribution of services rendered by a data processing facility to each budget activity would be a budget reclassification.
 2. Base Reallocations Between Budget Activities - Base reallocations are defined broadly as inter-program shifts of funds based on policy decisions to reduce or phase out some services to generate additional support for higher priorities in other program categories. A reduction in the general services area to provide additional funds for a nursing program would be an example of base reallocation. In addition:
 - a. Proposed shifts to non-credit extension outreach programs should be discussed in advance with the Office of Academic Affairs (Vice President) and the Chancellor of University Extension. (The Office of Academic Affairs will consult with the Budget Planning Office on proposed transfers.)
 - b. Comprehensive University campuses anticipating changes in amounts budgeted for Research activity exceeding \$7,500 should discuss such transfers with the Office of Academic Affairs (Vice President) prior to making the transfer. (the Office of Academic Affairs will consult with the Budget Office on proposed shifts.)
 - c. Note the line under "Base Reallocations" titled "% change from allocation". Institutions will make this calculation to determine if more than 0.3% or \$60,000 (whichever is greater) has been shifted out of instruction or more than 0.3% or \$60,000 has been shifted into institutional support. If so, approval from the Vice President for Business and Finance is required.

Supplement to Form 8

As a supplement to Form 8 institutions will provide a narrative explanation that includes:

- Major base reallocation philosophy and policy/priority initiatives, including major program shifts and reallocations within activities.
- Dollar magnitude of policy/priority initiatives.
- Estimated total reallocations, both in dollar terms and as a percent of the GPR/Fee base.

In addition, institutions must explain:

- Net base reallocations out of instruction that are above the threshold of .3% or \$60,000 (whichever is greater), and
- Net base reallocations into institutional support that are above the threshold of .3% or \$60,000.

Supplement for Form 8

BUDGET REALLOCATION NARRATIVE

- I. The Board of Regents expects that institutions continuously reallocate funds to respond to changing circumstances. Please provide a narrative explanation that includes the following components:
 - Major base reallocation philosophy and policy/priority initiatives, including major program shifts and reallocations within activities.

 - Indicate the dollar magnitude of these initiatives.

 - In addition, estimate your total reallocations in dollar terms and as a percent of your GPR/Fee Base (include items such as Chancellor's reserve that are reallocated to priority areas during the year).

- II. Explanation of net base allocations out of instruction that are above the threshold of .3% or \$60,000 (whichever is greater).

- III. Explanation of net base reallocations into institutional support that are above the threshold of .3% or \$60,000 (whichever is greatest).