

# Palo Alto University

## Budget Process

**Division Responsible:** Business Affairs

**Office Responsible:** Office of Business Affairs

**Publish for Compliance:**

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## Background Information or Link to Policy Statement

The Office of Business Affairs develops the annual budget process which results in the Annual Consolidated Budget presented to the Board of Trustees for approval, as well as the detailed annual budgets for each department. They are uploaded to our ERP (Jenzabar) and used in our monthly actual and variance reporting. This document outlines the key players and the timeline for activities related to the University budget.

## Workflow

### **BUDGETING ROLES & RESPONSIBILITIES:**

- **Office of Business Affairs (OBA):**
  - The OBA is responsible for all processes, policies and procedures related to the University Consolidated Budget. The OBA assists Budget Units that need assistance with planning, managing and reconciling their local budgets.
  - The OBA provides budget units with the following:
    - The university's financial outlook and budgetary priorities per the strategic plan
    - Preliminary monies available for additional funding requests based on revenue inputs
    - Outline of the budget process for the next fiscal year
- **Budget Group:**
  - The Budget Group serves as an advisory committee to the President and works to set and/or change budget priorities as appropriate for the financial health of the university. The Budget Group includes the Division Heads for Academic Affairs, Student Affairs, External Affairs, Business Affairs, Presidential Affairs and Continuing and Professional Studies, along with the University Controller, Director of Presidential Operations, and the OAA Budget Manager.
- **Budget Units:**
  - Each Division, a budget unit, is responsible for planning, managing and reconciling its local budget. All division heads are responsible for

decision-making around their approved budgets. The roles and responsibilities for managing the budget, budgetary procedures may vary by budget unit.

- Budget Unit representatives meet with the OBA to review the previous year's financial performance and answer questions. For the Annual Budget Cycle, Budget Unit representatives will develop Budget Proposal materials and present them at the Budget Group meetings:
  - Year-end expense forecast and variances to budget for current year
  - Budget forecast for the next fiscal year
  - Additional funding requests for the next fiscal year and justification for those requests
- **Annual Consolidated Budget vs. Budget Unit Operating Budgets:**
  - The university's Annual Consolidated Budget is a compilation of all annual operating and restricted budgets that support, teaching, scholarships and research. Budget unit operating budgets are a subset of the Annual Consolidated Budget and includes general and restricted funds (i.e. designated, expendable and endowment), supporting ongoing unit operations and auxiliaries.
- **Annual Budget Cycle:**
  - PAU's annual budget cycle commences in February and concludes in May each year with a mid-year revision that starts in October (after Fall actual enrollment is finalized) and ends in December.
- **Annual Budget Proposal:**
  - The goal of the annual budget cycle is to develop a high-level proposal for the next fiscal year cycle.
- **Mid-Year Revision:**
  - For the Mid-Year Revision, Budget Unit representatives will review and develop materials and present them at the Budget group meetings:
    - Prior-year fiscal year-end budget versus actual expenses
    - Year-over-Year (YOY) actuals changes
    - Budget forecast for the current fiscal year
    - Additional funding requests for the current fiscal year and justification for those requests

## Procedure

**ANNUAL BUDGET PROPOSAL:** The goal of the annual budget cycle is to develop a high-level proposal for the next fiscal year cycle.

The OBA provides budget units with the following:

- The university's financial outlook and budgetary priorities per the strategic plan
- Preliminary monies available for additional funding requests based on revenue inputs

- Outline of the budget process for the next fiscal year

Budget Unit representatives meet with the OBA to review the previous year's financial performance and answer questions. For the Annual Budget Cycle, Budget Unit representatives will develop Budget Proposal materials and present them at the Budget Group meetings:

- Year-end expense forecast and variances to budget for current year
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For the Mid-Year Revision, Budget Unit representatives will review and develop materials and present them at the Budget group meetings:

- Prior-year fiscal year-end budget versus actual expenses
- Year-over-Year (YOY) actuals changes
- Budget forecast for the current fiscal year
- Additional funding requests for the current fiscal year and justification for those requests

## **ANNUAL BUDGET CYCLE**

- CPI and HEPI analyzed for previous year (January)
- Personnel position and compensation data is updated in ADAPTIVE including health insurance, payroll taxes, 403(b) retirement plan contribution (early February)
- Budget Units submit materials (late February):
  - Year-end budget forecast and variances to budget (detailed)
  - Budget forecast for the next fiscal year (detailed)
    - Request changes
    - Request additional funding
- Enrollment Projections (early February)
  - 3 year enrollment projections and retention expectations are developed including graduate forecasts
- Budget Meeting #1 (mid-February)
- Budget Meeting #2 (late-February)
- Budget Meeting #3 (early-March)
- Budget Meeting #4 (mid-March) to finalize Budget Proposal
- Finance/Risk Committee meeting to review and recommend to the full Board (late March/early April)
- Full Board Meeting for approval (mid-May)

## **MID-YEAR REVISION BUDGET CYCLE**

- Budget Units submit materials (late September):
  - Year-end budget forecast and variances to budget (detailed)
    - Request additional funding
- Enrollment Projections (early October)
  - OBA will update the enrollment projections based on actual Fall enrollment
- Budget Meeting #1 (mid-October)

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- Budget Meeting #2 (late-October)
- Budget Meeting #3 (early-November) to finalize Budget Proposal
- Finance/Risk Committee meeting (early-December)

## Keywords/Categories

budget, budgeting, budgeting roles, budgeting responsibilities

## Related Documents

[Enter names of any related documents here, links will be added later]

## FAQ

[Enter FAQs here]