



**OFFICE OF THE ASSISTANT VICE PRESIDENT
BUDGET PLANNING & ANALYSIS**

DATE: April 8, 2025

BPA #24-05

TO: Vice Presidents
Divisional Budget Officers

FROM: Carol L. Lee
Assistant Vice President, Budget Planning & Analysis

SUBJECT: FY 2024-25 Cost Recovery Revenue Adjustment

ATTACHMENT: BPA #24-05

As part of our ongoing annual cost recovery (PCR) revenue reconciliation, we have conducted a thorough review of the revenues for the current fiscal year.

Cost Recovery Revenue Adjustment

Effective July 1, 2024, Budget Planning & Analysis (BPA) transitioned the PCR Cost Recovery revenue budget posting methodology from an *actual basis* to a *projection basis*. Under the previous process, all PCR revenues were initially recorded at the University level. BPA would then make periodic allocations to the appropriate receiving departments based on actual revenue received. The approach was often time-consuming and delayed due to the effort required to identify the appropriate departments.

With the new process, revenues are posted directly to the receiving departments, and budgets are established based on projected annual revenues rather than actual receipts. This change streamlines the process and allows for more timely access to funds.

To ensure accuracy, revenue-to-budget reconciliations will be conducted twice a year. Based on February year-to-date revenues collected, we have identified the need to adjust some Cost Recovery revenue allocations. The process helps to 'true up' the initial budget allocation made based on estimated revenues and provide more timely access to funding. In some instances, reductions may be necessary as the initial budgeted amounts did not materialize. At the end of the fiscal year and before closing, we will make one final reconciliation to post budget adjustments based on the *actual* revenues collected for the year.

During this review, we adjusted most budget allocations to match actual revenues. However, we excluded certain budget reduction over \$100,000 when the shortfall appeared to be due to timing delays in revenue receipt.

Please see Attachment A for more details. **BPA will post all allocations automatically.** If you have any questions, feel free to contact us.