

SAM - BUDGETING

BID SAVINGS, PROJECT SAVINGS, AND REVERSIONS

6862

(Revised 09/2017)

There are five potential reasons for project reversions:

1. The construction bid came in lower than budget (i.e., experienced **bid savings**) permitting reversion of surplus funds. (Bid savings are reverted at time of award; any other use of bid savings requires Finance review and concurrence.) This is a non-policy reversion delegated to Finance for approval.
2. The project is complete and there are **project savings** (which would be net of any bid savings previously reverted). This is also a non-policy reversion delegated to Finance for approval.
3. The project failed to meet requirements of Section 1.80 or the provisional language attached to the Item in the Budget Act. This is a policy reversion that Finance considers.

Section 1.80 provides that appropriated funds shall revert if Finance has not allocated them (either through a fund transfer or approval to proceed to bid) on or before June 30 of the fiscal year. This means that Finance must approve Form 22 and Form 220 requests for either the preliminary plan phase or the working drawing phase by June 30, or, in the case of construction, approve the Form DF-14D to proceed to bid by June 30. A department must be familiar with these requirements and with the time-frames laid out in Finance Budget Letters. The department is advised to discuss deadlines for submitting these forms with its Finance capital outlay analyst to determine whether there will be a need to reappropriate project funding.

4. The project has a proposed scope change which will result in project termination or project savings to be reverted. This is a policy reversion that the PWB considers.
5. The project has been terminated by statute or for a policy reason creating a scope change. This is a policy reversion that the PWB considers following legislative notification for a scope change.

Agenda packages for reversion items. Submit the following information for proposed reversions:

1. All information requested in Section 6845, including the standard fiscal reporting requirements and the agenda package;
2. The type of reversion (see preceding);
3. If the reversion is of a policy nature as defined in the preceding text, an explanation of the cause (including a 20-day notification letter if a proposed scope change); and
4. The fund to which savings will be reverted.