



POLICY & PROCEDURE DOCUMENT

NUMBER: 3.8020
DIVISION: Strategy, Operations and Finance
TITLE: Reserve Funds Policy
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Authorized by: Robert Fischer, Provost & Vice President for Academic Affairs
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I. Purpose and Scope

The Reserve Funds Policy is designed to accommodate greater empowerment at the appropriate organizational level and encourage thoughtful expenditure of nonrecurring funds. The policy provides additional fiscal flexibility and rewards good management by allocating year-end unrestricted Educational and General revenue and expenditure balances into reserve accounts held by the Academic Primary Units and Administrative Support Units. The Reserve Funds Policy will ensure that the University has capacity to invest in strategic priorities and units can allocate resources based on long-term priorities. The policy applies to any unrestricted Educational and General funds.

II. Policy

A. Definitions

1. Academic Primary Unit – Any unrestricted E&G funded unit that either generates, or is organizationally tied to, a unit that generates student credit hours.
2. Administrative Support Unit – Any unrestricted E&G funded unit that does not generate Student Credit Hours
3. Carry Forward – Unrestricted E&G Funds remaining in indexes as of June 30 (as confirmed by external auditors).
4. Unrestricted Educational & General (E&G) – Unrestricted revenue provided either by the state (via general appropriations) or by tuition / mandatory student fees. Unrestricted E&G includes revenue dependent, terminal degree programs, and Workshops.
5. Reserves – Unrestricted E&G funds, identified by a unit for a specific purpose, which are not needed for immediate use but are available upon request (as needed).

B. General

1. For purposes of this policy, each of the Academic Primary Units (All five Colleges) and Administrative Support Units as determined by the division leader will be the recipients of any reserve account transfer.
2. The following policy applies to the treatment of year-end balances for unrestricted Educational and General expenditure indexes
 - a. A Reserve Fund Account will be established for each of the Academic Primary Units and Administrative Support Units as determined by the division leader.
 - b. The new reserve accounts will be funded with a one-time transfer of 2% of the FY22 carry forward to establish beginning balances in each unit reserve.
 - c. All unrestricted E&G indexes, including revenue dependent, terminal degree programs, and Workshops, will have the option to allocate year-end balances to a reserve account. Any remaining year-end funds will become carry forward and be subject to the Carry Forward Policy.
 - d. Transfers to reserve accounts are permitted up to a maximum cumulative balance of 7% of total unit personnel and operating expenditures. Cumulative reserve account balances may not exceed this threshold unless there is written approval from the division head.
3. Reserve funds may not be used to create permanent positions or hire permanent personnel without written approval from the division head.

III. Procedure

- A. Prior to disbursement as carry forward, year-end unrestricted E&G balances may be allocated to an appropriate unit reserve fund account. This allocation must have prior approval by Divisional leadership.
 1. The allocation request must be made using the "Reserve Fund Allocation Request" form.
 - i. Each request must have a clear strategic purpose, and a defined timeline of disbursement of the funds.
 - ii. After Divisional approval, the allocation request is subject to approval by the Provost (for Academic Primary Units) or the Executive Vice President for Strategy, Operations & Finance (for Administrative Support Units).
 - iii. Request approvals will be completed upon the conclusion of the financial audit.
 - iv. If sufficient year-end funds are not available to fulfill the request at the conclusion of the financial audit, the Provost or Executive Vice President will adjust the request as necessary.
- B. Transfers to Reserve Fund Accounts will follow current campus procedures for budget transfers and will be subject to approval by the Budget Office. Allocations into Reserve Fund Accounts will be completed at the conclusion of the financial audit, with mid-year allocations to be considered on a case-by-case basis by the Provost and Executive Vice President.