

## **MATERIALS, SERVICES, FACILITIES, AND TECHNOLOGY COMMITTEE**

### **RESERVE POLICY**

Effective Date: March 1, 2013

#### **PURPOSE**

It is the policy of the Materials, Services, Facilities, and Technology (MSFT) fund to provide adequate reserves for current operations, future projects, and other activities as needed. The Materials, Services, Facilities, and Technology Committee (MSFT Committee) shall establish, review and approve the funding levels annually in accordance with the established budget process and the availability of funds. The MSFT Committee reserves the right to establish additional reserves on a case-by-case basis during the budget year. The MSFT Committee shall submit annually to Provost or designee the proposals for the accumulation and use of reserve funds.

#### **BACKGROUND**

The Materials, Services, Facilities, and Technology fee is used to expand useable space at the university (to include purchase of instructional equipment, furniture, special repairs, and deferred maintenance), purchases that enhance the student's university experience, equipping and upgrading computer labs, equipping and upgrading science labs, and enhancing technology resources that will provide better service to students. Critical to the management of the MSFT fund is effective annual financial planning. Reserves are intended to meet the potential and anticipated business and operational needs of projects and activities supported by the MSFT fee.

## **AUTHORITY**

At the direction of the CSU's Chancellor, auxiliary organizations are required to establish and maintain adequate reserve funding.

## **ACCOUNTABILITY**

- MSFT Committee
- Provost or designee
- Budget Support Staff
- University Administrators

## **POLICY**

The MSFT Committee will annually review the fiscal viability of the organization, which includes an evaluation of the need for reserves and the establishment or revision of reserves in accordance with this review. This review shall be documented in writing and presented to the MSFT Committee as part of the annual budget process.

## **IMPLEMENTATION**

In evaluating the need for reserves, the MSFT Committee will consider the following areas:

*Current Operations* - analysis shall determine if the MSFT fund will be able to cover projected expenses with projected income for the coming year.

*Planned Future Projects* - The MSFT fund may increase its allocation of reserve funds if the committee determines that there are significant future projects that cannot be funded through the annual operating budget without causing a significant reduction in current programs or services.

*Minimum balance:* The MSFT Committee will seek to maintain a minimum reserve balance to meet 2% of its annual budget allocation for each current year.

*Maximum balance:* The MSFT Committee will maintain a maximum balance not to exceed 10% of annual budget allocation for operation, except in circumstances where the committee determines that there is a need to set aside funds for upcoming large projects.

*Annual Contribution:* So long as the reserves exceed the minimum balance, the MSFT Committee will determine whether or not to allocate additional funds for its reserve (not to exceed maximum balance).