

10-31-2011

Senate Bill 2011.0004 Enacted

Student Government Association BBC, Florida International University

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Florida International University – Student Government Council – Biscayne Bay Campus

Agenda Item: Accumulated Cash Balance Policy

Authors: Mr. Pablo Haspel, Honors College Senator

Sponsors: Mr. Daniel Usma, Arts and Science Senator
Ms. Alix Sanchez, Hospitality and Tourism Management Senator

Committee: Of the Whole

Date: October 31th, 2011

In support of: Accumulated Cash Balance Policy,

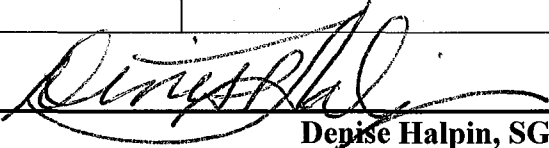
**Florida International University
Student Government Association
Accumulated Cash Budget Account Policy**

Outline:

- I. Purpose
- II. Structure
- III. Initial Formation
- IV. Subsequent Funding/Replenishment
- V. Criteria for Use of Funds
- VI. Procedures to Access the Reserves
- VII. Special Provision
- VIII. Timing
- IX. Notification of Funding

I. Purpose

The purpose of the Accumulated Cash Budget Account Policy is to designate separate account

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ID numbers for the specific purpose of establishing: 1) an emergency cash reserve; 2) a contingency cash reserve for special, unplanned investment or expenditure opportunities and 3) a project planning cash reserve where funds can be accumulated for special, planned projects to be undertaken at a future point in time for either short-term (2-3 years) or long-term (3-5 years) projects.

II. Structure

A. Current Structure (FY 2010-2011):

The current structure is that of a single department ID for deposits from collections of student A&S fees. It is not an account used for operations. From that Central (Deposit) Account, funds are disbursed according to approved purposes of the SGA budgeted allocation and for unplanned/unbudgeted expenditures. The Vice President of Student Affairs is the steward of the funds. Any use of these funds requires the review and approval of the representatives of the student body (SGA Presidents). Currently, this structure makes it difficult for SGA to quickly identify how much of the balance in the central account is for contingency expenditures, emergency expenditures, and planning reserve purposes.

B. Proposed Structure:

The proposed structure will allow the current Central (Deposit) Account department ID for collection of all student A&S fees to remain intact to be disbursed per the SGA Annual Allocation and under the statutes of the Finance Code and will create two (2) additional department ID's to serve the purpose of:

- A. A Main Reserve Account to be used for the purposes of unforeseen emergencies, budget deficiencies, and things which benefit the student body but have no other way of receiving funding. The person in charge of this account would be the Vice President of Student Affairs, but would require that he/she inform Student Government Association (SGA) of the intention to use such funds.
- B. A Contingency Reserve fund will have one department ID but will be divided/earmarked into four (4) separate Contingencies Reserve for purposes: one

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for MMC; one for BCC; one for UW; and one for project planning (see item C below). This account shall be for the sole purpose of unplanned investment or expenditure opportunities. Each Campus Specific Budget Committee shall have sole control of their contingency with the exception of the UW Contingency; in which would be governed by the University Wide Budget Committee. The entirety of this account will be stewarded by the A&S Business Office at MMC, but will be viewable by SGA via the A&S Business Office Web-interface (ASBO).

- C. A Project Planning Contingency for future projects regardless of campus designation, for either short term (2-3 years) or long term (3-5 years) projects. The purpose of this fund is to break down large, multi-year expenditures into more manageable pieces so as to not severely affect the SGA budget in any one year. Requests of a project can be made at the time of the annual SGA budget request process and will go through the annual SGA budget process.

III. Initial Formation

To form these accounts, two (2) new department ID's would be created for the 1) Main Reserve Account, 2) Contingency Reserve.

Upon approval of this proposal, \$30,000 from the Central Deposit Account will be distributed accordingly:

1. \$10,000 for MMC Contingency Reserve
2. \$10,000 for BBC Contingency Reserve
3. \$10,000 for UW Contingency Reserve

The remaining amount will be used to set up the Main Reserve account, which is estimated to be around \$4 million. There is no initial deposit for Project Planning Contingency since projects have not been identified at the time of the establishment of the account.

The A&S Business Office at MMC, under the supervision of the Director of Budgeting and Personnel, will have stewardship of all Contingency Accounts. This will enable administrative

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oversight and financial accountability to VPSA and the Office of Financial Planning. Approval from the A&S Business Office will not be needed to determine use of the Contingency funds either for the separate campus contingency reserves, nor the UW as a whole.

IV. Subsequent Funding/Replenishment

The initial balances for the accounts are as follows:

- The Main Reserve's initial balance will constitute of all monies in Central Deposit Account minus the \$30,000 for the three different contingency accounts. There will be no minimum or maximum balance for this account.
- Each individual contingency reserve shall have a minimum of \$10,000 MMC; \$10,000 BBC; \$10,000 UW at the time of the SGA annual budget allocation. There will be no maximums for the contingency accounts
- No minimum/maximum for the Project Planning Contingency.

A. Replenishment of Main Reserve:

- Every year after the initial establishment of the department ID, 0.5% of the annual A&S revenue projection for the year from the top will be deposited into the Main Reserve.
- When and if, remaining monies swept up from Fund 451 department IDs from the previous year are determined, 50% of these monies shall be deposited into the Main Reserve. (The other 50% will be disbursed as stated in Section IV.B.)

B. Replenishment of Contingency Reserves:

- Each campus contingency account balance will be reviewed during the budget allocation process. If the balance in each contingency falls below the minimum amount determined above, each contingency "shortage" will come from the year-end amount that was to be allocated to the main reserve.
- Remaining balances in the Contingency Reserves as of June 30 will remain in the appropriate campus specific Contingency Reserve.
- When and if, remaining monies swept up from the previous year are determined, 20% of

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these monies shall be deposited into the Contingency Reserve accounts as follows:

- 50% to UW Contingency Reserve
- 25% to MMC Contingency Reserve
- 25% to BBC Contingency Reserve

C. Replenishment of Future Project Reserve:

During the annual SGA budget allocation process, and per agreement to initiate plans of an approved project, funds will be deposited in accordance to the project's strategic plan.

V. Criteria for Use of Funds

A. Main Reserve:

This account will be held by the Vice President of Student Affairs who will be responsible for the determination of instances for use of the funds. In the event of an emergency, the Vice President of Student Affairs shall notify the appropriate representatives for MMC/BBC SGA of the intended use of the funds.

B. University Wide/ Campus Contingencies:

- Funding cannot be used for personnel hires.
- Funding can only be used for non-recurring (one-time) purposes.
- Items cannot be funded if they are related to budgeted items presented at the annual budget hearing or currently funded by the current A & S fiscal year.
- The ASBO will make available proposal forms for any interested parties wishing to request funds of the University Wide/Campus Contingencies. These forms, along with a deadline, will be advertised and also distributed to any existing funding entities, as well as any entity that had received funding within the past three (3) years
- Each individual campus budget committee may access these funds for specific goods and projects for their respective campus. For the University Wide contingency, consideration should be made by the University Wide Budget Committee.
- All approved short-term projects/expenditures must be made within the fiscal year and adhere to Purchasing or Controller's Office deadlines and requirements.

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C. Project Planning Reserve:

- Must be an approved project by the University Wide Budget Committee at the annual SGA Budget Allocation process.
- Funding can only be used for non-recurring (one-time) purposes.
- All approved projects must have a strategic plan and be made available to the student body.
- The strategic plan must have an estimated budget outline included.
- The requested projects should not include construction/renovations for buildings which are not student funded buildings (i.e. CITF funded) or recurring costs for areas outside of a student- funded building.
- The plan budget will be analyzed and re-heard each fiscal year by the University Wide Budget Committee to determine status of funds, future projections and if revisions need to be made to the Strategic Plan.

VI. Procedures to Access Funds

A. Main Reserve

This account will be held by the Vice President of Student Affairs who will be responsible for the determination of instances for use of the funds. In the event of an emergency, the Vice President of Student Affairs shall notify the appropriate representatives for MMC/BBC SGA of the intended use of the funds.

If expenditure is an emergency: the Vice President of Student Affairs is authorized to make such expenditures and notify representatives for MMC/BBC SGA of such expenditure as soon as possible.

If expenditure is non-emergency purpose: The Vice President of Student Affairs shall discuss the intended use of funds and receive approval from both SGA presidents and both Senates.

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An emergency shall be defined as an unforeseen or unplanned event or occurrence which requires immediate action in order to preserve the health, life, or safety of persons in A&S-funded buildings, as well as instances that require immediate action and funding in order to preserve the structural integrity of A&S-funded buildings.

B. University-Wide Contingency:

All proposed usage of University Wide contingency funds shall be proposed to the University Wide Budget Committee. The steps are as follows:

Step 1: All proposals must be approved by a two-thirds (2/3) vote of the University Wide Budget Committee. Proposals will be heard and voted upon during the monthly University Wide meetings and run in accordance with the annual SGA budget allocation process.

Step 2: Once the proposal has received approval, the Vice President of Student Affairs shall have 15 school days from the date of approval to act on the expenditure recommendations, which shall be deemed approved if no action is taken within 15 school days. If any line item or portion thereof within the expenditure is vetoed, the University Wide Budget Committee shall have 15 school days to make new expenditure recommendations for the vetoed portion of the proposal.

Step 4: Once the Vice President of Student Affairs has approved the expenditure, the decision is given to the representative from the Activity and Service Business Office for processing.

C. Campus Contingency Reserve:

The procedures that are implemented for disbursement of such funds will be the same for both campuses. All proposed usage of contingency funds shall be heard by Campus-Specific Budget Committee.

Step 1: A proposal is brought to the Campus-Specific Budget Committee and approved

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by a simple majority and shall be run in accordance to the annual SGA budget allocation process.

Step 2: Once the proposal is approved by the Campus-Specific Budget Committee, it has to be approved by the senate of that campus.

Step 3: Upon final approval from the senate, the Vice President of Student Affairs shall have 15 school days from the date of senate approval to act on the expenditure recommendations, which shall be deemed approved if no action is taken within 15 school days. If any line item or portion thereof within the expenditure is vetoed, the Campus Specific Budget Committee shall have 15 school days make new expenditure recommendations for the vetoed portion of the proposal.

Step 4: Once the Vice President of Student Affairs has approved the expenditure, the decision is given to the representative from the Activity and Service Business Office for processing.

VII. Special Provision

Before remaining monies are swept up at the end of the fiscal year, the SGA presidents have the authority to use the monies for a special project before they are deposited into the Main Reserve and/or University-Wide/Campus Contingencies. The expenditure must receive approval from the Vice President of Student Affairs.

Funds coming from University-Wide items will require approval from both SGA presidents, with final approval from the Vice President of Student Affairs.

Funds coming from campus-specific items will only require the approval of the respective president and the Vice President of Student Affairs.

VIII. Timing

The application for the University-Wide Contingency will be available year-round. Proposal

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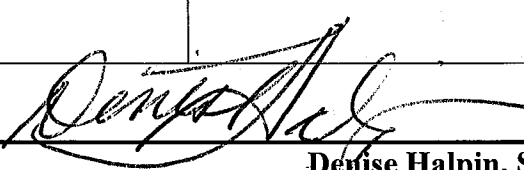
will be heard monthly as the University-Wide Council meets. The application for Campus Contingency Reserve will be available year-round and heard during a meeting with the Campus-Specific Budget Committee, preferably during an executive board meeting. The Project Planning Contingency application will be available during the same time as the regular annual A&S budget process and will be heard during the annual SGA budget allocation process.

IX. Notification of Funding

Upon the final approval by the Vice President of Student Affairs and Reserve Committee, the A&S Office will be contacted of the final appropriation. It will be the A&S office which will notify the requestor when their project(s) has been approved or denied.

- If approved, and there are any specifications-proviso language, the A&S office will have it specified in the notification letter.
- If denied, the Activity and Service Business Office will advise requestor of who to contact to receive further information regarding the denial. All decisions are final; there is no appeal process.

A copy of the notification letter should be made available to the student body at both campus Finance Committee binders.

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