Reserves and Allocation Accounts Policy, SB 2021-2022:06

The policies of the Associated Students, Inc. seek to comply with the regulations of Cal Poly Pomona University, the CSU Chancellor, and the CSU Board of Trustees, as well as all applicable state and federal laws. The ASI chief financial personnel is responsible for overseeing and implementing the Reserves and Allocation Account Policy (“Policy”).

Purpose

The objectives of this policy are to ensure that Associated Students, Incorporated (ASI) Cal Poly Pomona has sufficient levels of designated balances and reserves to:

A. sustain year-to-year consistency in all elements of ASI's operations,
B. build capacity for strategic program and capital investments, and
C. cover unanticipated expenditures and limit the negative impact of cyclical state recessions.

Reserves Description

ASI reserves pay for non-recurring expenses to manage short-term obligations and commitments, provide funding for future student program development, support funding for capital infrastructure improvement and related facilities maintenance and repairs, cover costs associated with natural disasters and other catastrophic events, and ensure that operating costs can be paid during times of economic and budget uncertainty. Reserves are only meant to pay for short-term expenses and cover the gaps caused by short-term reductions in revenues. Drawing on designated balances and reserves for ongoing expenses is not fiscally prudent and is not a sustainable alternative to incremental increases in student tuition revenue to support the ongoing mission of ASI.

Policy Statement

To ensure prudent use of mandatory student fees, maintain fiscal solvency, and build capacity for strategic
development, ASI shall establish reserves to meet both short-term and long-term financial needs and obligations of the organization. ASI shall maintain a reserves guiding document that supports such purpose.

**Procedures**

The ASI chief financial personnel shall recommend designated balances and reserves at year-end based on short-term obligations, long-term strategic development, recommended reserve balances, approved budgets and projections, and the Budget Guidelines & Stipulations (ASI student fee.) Designated balances and reserves recommendations are approved as part of the acceptance for audited financial statements through a two-thirds vote of the seated ASI Board of Directors.

**Annual Funding**

**Section 1 - ASI Student Fee.** In accordance with the ASI Senate Bill 2019-20:05, The Student Opportunities Initiative, an annual allocation shall be set aside for ASI Reserves. The amounts to be allocated to the reserves and allocation accounts shall be determined through a two-thirds vote of the seated ASI Board of Directors during the ASI annual budget process. This bill supersedes Senate Bill 2016-17:07.

**Section 2 - F&O Student Fee.** Operating surplus may or may not be budgeted. If any operating surplus is planned, the amount to be allocated to the reserves shall be determined through a two-thirds vote of the seated ASI Board of Directors during the ASI annual budget process.

**Designations of Balances**

Balances in reserves and allocation accounts may be redistributed to meet recommended funding levels. Redistribution of reserves may occur with or without annual allocation and shall be determined through a two-thirds vote of the seated ASI Board of Directors during the ASI annual budget process. Designated balances and reserves at year-end may differ from the budgeted balances.

**Reserve Accounts**

Accessing any reserve accounts requires a two-thirds (2/3) vote of the seated ASI Board of Directors at a duly constituted Board meeting and final approval from the University. Reserve accounts are listed in Table 1.

**Emergency Reserve**

Required Funding Level - ASI: $300,000, F&O: $500,000

This reserve shall be used for the following reasons:

1. Dissolution: in the event of the dissolution of the corporation, these funds shall be used to pay dissolution expenses including legal fees, closing salaries, existing contracts, etc.
2. Financial Viability of the Organization: in the event of a major loss of funds, these funds could be accessed to preserve the viability of the current budget.
3. Insurance Reserve: these funds may be accessed in the event of a judgment in excess of or in the absence of insurance coverage.
4. Catastrophic Events: in the event of a natural disaster or other catastrophic events, including
annual insurance premiums or self-insured retentions.

**Equipment Reserve**

Recommended Funding Level - ASI: $300,000, F&O: at least 10% of the cost of equipment projects approved in the most recent five-year capital plan.

Funds from this reserve shall be used for equipment acquisition (minor capital outlay) such as furniture, equipment, and software.

**Special Programs**

Recommended Funding Level - ASI: $200,000, F&O: $200,000.

Funds from this reserve shall be used for one-time ASI special programs, events, or services not funded through the ASI annual budget process.

**Economic Uncertainty**

Recommended Funding Level - ASI and F&O: a minimum of three months and a maximum of six months of the annual operating budget.

Funds from this account shall be used to help manage the consequences of cyclical state recessions and to support year-to-year consistency in ASI's operations.

**Investment in Fixed Assets**

Recommended Funding Level: ASI & F&O: fixed assets book value.

The fixed asset book value is recorded in this account.

**Capital Improvements**

Recommended Funding Level - ASI: N/A, F&O: at least 10% of the cost of capital projects approved in the most recent five-year capital plan.

Funds from this account shall be used for future capital projects, including improvements to existing facilities and major equipment capital outlay.

**Building Improvements**

Recommended Funding Level - ASI: N/A, F&O: at least 10% of the cost of building construction projects approved in the most recent ten-year construction feasibility study

Funds from this account shall be used for new construction or expansion to existing facilities.

**Facilities Maintenance and Repairs**

Recommended Funding Level - ASI: N/A, F&O: at least 10% of the cost of repairs & maintenance projects approved in the most recent five-year maintenance & repairs plan.

Funds from this account shall be used for future facility and infrastructure maintenance and repair costs based on a long-term maintenance schedule, applicable costs identified by routine facility condition surveys, and planned maintenance and repair projects.

**Fund Balance**
Recommended Funding Level - ASI: N/A, F&O: $0

Funds from this account are not designated for specific purposes and shall be used for general purposes not designated in any other reserves account.

### Table 1. Summary of Reserve Accounts

<table>
<thead>
<tr>
<th>Reserve Accounts</th>
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<tbody>
<tr>
<td>3100 Special Programs Reserve</td>
</tr>
<tr>
<td>3110 Emergency Reserve</td>
</tr>
<tr>
<td>3115 Equipment Acquisition Reserve</td>
</tr>
<tr>
<td>3118 Economic Uncertainty Reserve</td>
</tr>
<tr>
<td>3250 Investment in Fixed Assets</td>
</tr>
<tr>
<td>3255 Facilities Maintenance &amp; Repairs</td>
</tr>
<tr>
<td>3260 Capital Improvements Reserve</td>
</tr>
<tr>
<td>3270 Building Improvements Reserve</td>
</tr>
<tr>
<td>3960 Fund Balance (undesignated)</td>
</tr>
</tbody>
</table>

### Allocation Accounts

Allocation accounts are designated balances set aside for club or other student-led activities. Allocation accounts may be used to support ongoing costs of designated activities. Allocation accounts are listed in Table 2.

### New Programs and Augmentations (NP&A)

Recommended Funding Level - ASI: $200,000, F&O: N/A

**Purpose**

Funds from this account shall be used to support registered student clubs and organizations and augmentations for ASI Student Government, including but not limited to the following:

1. Programs for student development and learning
2. Activities that foster equity, diversity, and inclusion
3. Programs and events that promote campus pride

**Access**

1. The Finance Committee can allocate up to $3,000 with a majority vote of the committee. Funding requests greater than $3,000 require a 2/3 vote of the seated ASI Board of Directors.
2. The Finance Committee can allocate up to a total of 70% of the account for the fiscal year. The remaining 30% may only be allocated upon 2/3 approval of the seated ASI Board of Directors.

### The Green Initiative Fund (TGIF)

Recommended Funding Level - ASI: $100,000, F&O: N/A

**Purpose**
Funds from this account shall be used for sustainability projects that meet the general requirements set by a Cabinet member whose primary task is to assist with sustainability matters, as determined by the ASI President. These funds are intended to promote environmental awareness and reduce Cal Poly Pomona’s negative impact on the environment. Funds from this account shall be used to support registered student clubs and organizations, student-led sustainability projects, and augmentations for ASI Student Government.

Access

1. The Finance Committee can allocate up to $3,000 with a majority vote of their committee. Funding requests greater than $3,000 require a 2/3 vote of the seated ASI Board of Directors.
2. Requests shall not exceed $15,000 for any on-campus sustainability project.
3. Recipients of TGIF are not eligible for funds from any other ASI source for the same sustainability project.
4. The Finance Committee can allocate up to a total of 70% of the account for the fiscal year. The remaining 30% may only be allocated upon 2/3 approval of the seated ASI Board of Directors.
5. Allocations from TGIF shall be subject to the provisions of the ASI By-Laws and applicable ASI financial policies, guidelines, and stipulations.
6. Allocations from TGIF shall be maintained in accounts to be administered by ASI Financial Services.

Table 2. Summary of Allocation Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Allocation Accounts</th>
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<tbody>
<tr>
<td>3116 New Programs &amp; Augmentations (NP&amp;A)</td>
<td>152300</td>
</tr>
<tr>
<td>3117 The Green Initiative Fund (TGIF)</td>
<td>152600</td>
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Authority

This policy is issued pursuant to the Integrated CSU Administrative Manual, ICSUAM.02001.00

Supersedes

SB 2021-2022:04
SB 2017-18:12
SB 2016-17:07
## Approval

<table>
<thead>
<tr>
<th>Step Description</th>
<th>Approver</th>
<th>Date</th>
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<tbody>
<tr>
<td>Signed by ASI President</td>
<td>Prabhat Jammalamadaka</td>
<td>Apr 04, 2022</td>
</tr>
<tr>
<td>Signed by ASI Attorney General</td>
<td>Mia Miller</td>
<td>Mar 30, 2022</td>
</tr>
<tr>
<td>The Policy Owner Presents To The ASI Board of Directors For Discussion and Action</td>
<td>Mia Miller</td>
<td>Mar 30, 2022</td>
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<tr>
<td>The Policy Owner Presents Changes To The ASI Rules and Policies Committee For Discussion and Action</td>
<td>Mia Miller</td>
<td>Mar 30, 2022</td>
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## Attachments

- Certification Form - Reserves Policy.pdf
