



“Reserves Restructure”

Proposed Motion: “ Move to pass changing the “Rainy Day Fund” to “Operating Reserves ” and change the amount in Operating Reserves from 20% to 10% of the Reserves as well as creating a section of the Discretionary Reserve fund to be in direct leadership of the Director of the Viking Union, at an amount mirroring the contribution of FXXVU into the Operating budget. ”

Sponsor: AS VP for Business & Operations, Hannah Brock

Persons of Contact: AS VP for Business & Operations, Hannah Brock

Date: Friday, January 29th 2016

Attached Document

No additional documents.

Background & Context

After reviewing the reserves this year, it came to mine and Eric Alexander’s attention that we have a highly inflated Discretionary Reserve, currently at \$374,000. Our responsibility as Board members is to make sure that we are spending student dollars responsibly. Sitting on an overly inflated reserve fund for no reason is not responsible and is only hurting our bargaining power on the Services and Activities Fee Committee (S&A). If this money is re-distributed throughout our reserves, it will allow for it to be spent down to a healthy amount in a fiscally responsible way.

Summary of Proposal

This proposal shall act to change the current structure of the Reserves Budget for the Associated Students in two ways:

1. One, the Operating Reserves Fund, previously called the “Rainy Day Fund” should move from being funded at a level of 20% of overall Reserves down to 10%. There is currently \$491,998 in this fund, which is too high for what is needed. Moving this amount down to 10% would mean it would then be reduced to half of this current amount, or \$245,999. The remaining amount would transfer into Discretionary Reserves, changing the current total to \$619,999 in Discretionary. The purpose of the Operating Reserves is to be able to pay for any emergencies if they were to happen. The amount of \$245,999 would be sufficient to continue operating for a quarter if an emergency happened.
2. Discretionary Reserves currently sits at \$374,000, an inflated amount. With the addition of \$245,999 from moving half of the Operating Reserves out, this amount in Discretionary would then equal \$619,999. This amount needs to be re-allocated and spent down to a healthy amount with one time expenditures, to around 10% of our Operating Budget. To do this, I am proposing creating a new part of the Discretionary Reserves to be in direct leadership of the Director of the Viking Union, mirroring the amount contributed by FXXVU into the Operating Budget. The current contribution of FXXVU into Operating is at 36%, which would not change much from year to year. If this amount were mirrored into the Discretionary Budget with the above changes, the Director of the Viking Union would have leadership over \$223,199. This would leave \$396,799 left for the Board to manage, which is more than our current amount of \$374,000.

Fiscal Impacts

There are no fiscal impacts to this resolution, simply re-allocation of existing monies.

Rationale

- If funds are re-distributed as proposed in this document, it will ensure that future AS Boards will have a check and balance in place in terms of reserve spending.
- The Financial Fund Manager/Director of the Viking Union already has it in their power to spend reserve dollars as needed.
- This will just be a more organized way of keeping track of that spending.
- Spending from the FXXVU part of Discretionary Reserves will be used for one-time expenditures such as: much-needed VU staff development opportunities, temporary staff, contracting, admin support systems, etc.
- This will allow for the Board to have a separate account within the Discretionary reserves for one-time large expenditures such as: ESC funding, not for yearly expenses.