Board Policy:

Use of resources from reserves should be strategically budgeted during the annual campus budgeting process. The Chancellor or Presidents will approve such requests and brief the board on such expenditures annually. All reserve commitments (present and future years) should be clearly documented and should be evaluated and tracked by the Chancellor or Presidents to ensure expenditure of funds in accordance with their requested use. Reserves that have been allocated to a College, Department, or entity and not expended in a timely manner shall revert to reserves. The Chancellor in conjunction with the Presidents shall have discretion to determine which fund accounts to draw from for the needs of the campuses.

Use of resources from reserves for capital construction, controlled maintenance, and auxiliaries should be made in accordance with the strategic objectives and needs of each campus as identified by the Chancellor or Presidents.

Adequate contingency reserves should be maintained to help the System deal with unanticipated events.

Minimum reserve amounts should be maintained to ensure an institution maintains a positive fund balance (especially after compensated absence liabilities are taken into account) and to ensure that healthy institutional/system level financial credit ratios are maintained as determined by the Chancellor, Presidents, and Board. Reserve amounts should support maintaining current credit ratings for the System.

Annually, the Chancellor and Presidents will report the type and amount of expenditures to the Board to ensure transparency and accountability in reserve financial transactions.