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2021 Mar Board Resolution - Amended Distribution of Annual Fund Balance

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2021 Mar Board Resolution - Amended Distribution of Annual Fund Balance

Abstract

BOARD RESOLUTION AMENDING RESOLUTION 19-12-07-2427 TO BOTH EXPAND AND BETTER DEFINE GUIDELINES FOR DISTRIBUTION OF THE ANNUAL FUND BALANCE

Keywords

Standard VI, 2021 Mar Board Resolution - Amended Distribution of Annual Fund Balance

**KEAN UNIVERSITY
UNION, NEW JERSEY**

**RESOLUTION AMENDING RESOLUTION 19-12-07-2427 TO BOTH EXPAND AND
BETTER DEFINE GUIDELINES FOR DISTRIBUTION OF THE ANNUAL FUND
BALANCE**

- WHEREAS:** The Board of Trustees adopted Resolution 19-12-07-2427 at its public session in December 2019 to enhance the University's ability to remain one of the most affordable, comprehensive universities in New Jersey; and
- WHEREAS:** Kean University continues to operate efficiently and effectively to the benefit of its students, recognizing that a strong and stable financial position will help to minimize the burden of tuition and fees as much as possible; and
- WHEREAS:** Financial rating agencies consistently point to the University's strong financial management as reasons to maintain credit ratings; and
- WHEREAS:** The Board of Trustees recognizes that Kean University must continue to be prudent and efficient with the management of its financial resources and has identified additional steps needed to further secure the annual fund balance and better define its uses; and
- WHEREAS:** The Board of Trustees continues to desire to take steps to ensure various University funds remain stable even in the event of an economic downturn or natural disaster; and
- WHEREAS:** The Board believes the annual fund balance, when one exists, should be allocated wisely in accounts designed to support the University's continued health, stability and success; now, therefore, be it
- RESOLVED:** The Board authorizes and amends Resolution 19-12-07-2427 to direct:
- The Emergency Reserve be equal to at least 5% of the annual budget effective FY20 and going forward. The Board notes that the University President must advise the Board and/or its Finance Committee on the use of Emergency Funds at the public meeting

immediately following the use of such funds for an emergency; and, be it further

RESOLVED: The Board directs the University's Reserves to include an amount equal to one year of debt service payment effective FY20 and going forward. The use of these funds for any reason other than debt service payments requires Board approval; and, be it further

RESOLVED: The Board of Trustees directs the President and/or his designee to create a Presidential Initiatives Fund in FY20 with a starting balance of \$2.5 million to provide the University's new president with seed funding to pursue new initiatives; and, be it further

RESOLVED: The Board of Trustees directs the President and/or his designee to create both a Career Services and Student Retention and Development fund with a starting balance of \$2 million to provide ongoing support for students on the path to graduation and beyond through tutoring, internships, job placement services, and more; and, be it further

RESOLVED: That the Board of Trustees directs the President and/or his designee to ensure that the University's Unrestricted E&G surplus not exceed 5% of the following year's Annual Operating Budget. Any surplus above this threshold should be distributed at the beginning of the fiscal year, starting with FY20, to these existing and new dedicated funds in the percentages outlined below, provided there is a fund balance to distribute:

- 25% to the Kean University Scholarship Fund to support both internal and Kean Foundation-based scholarships, as well as both direct and matching assistance, based on the recommendations of the President and/or Senior Vice President for Finance. Funds shall be transferred to Kean Foundation scholarship accounts upon confirmation from KUF that matching funds have been raised and collected.
- 25% to the Deferred Maintenance Fund. The board directs a multi-year capital budget be developed and presented to the Facilities Committee by June 2021 to support this assignment.
- 15% to the Emergency Fund (*dedicated*).
- 15% to the new R2 Research Classification Fund, to be defined and managed by the new University's new Division of Research in conjunction with the SVP for Finance.
- 10% to the Presidential Initiatives Fund

- 10% to support, equally, both the Career Services and Student Success and Retention initiatives.

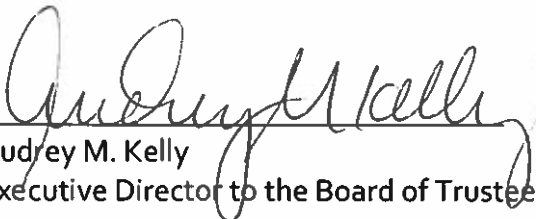
and, be it further

RESOLVED: The Board of Trustees hereby directs that funds from the Deferred Maintenance Fund can be assigned or disbursed by the administration, but reporting on such disbursements should take place at the appropriate Board committee meetings; and, be it further

RESOLVED: That the Board of Trustees does hereby authorize the President and/or his designee to take all steps necessary to effectuate the amended terms of this resolution.

**RESOLUTION
ADOPTED:** March 8, 2021

**DULY
CERTIFIED:** March 8, 2021


Audrey M. Kelly
Executive Director to the Board of Trustees