
EXECUTIVE POLICY – SYSTEM-WIDE FINANCIAL RESERVES
July 2014

I. Introduction

In November 2013, Board of Regents (BOR) Policy 8-3 was amended to establish system-wide operating reserves from non-general fund revenues. The policy recommends maintaining reserves sufficient to provide for continued operations for two months (16-percent). The execution and implementation of the reserve policy was delegated to the University President in consultation with the Chief Financial Officer. The policy further instructs that the development of the biennium budget shall include consideration of unrestricted non-general funds.

II. Definition

For the purposes of this Executive policy, "unit" is defined as the major program budget units, including Mānoa (UOH 100, 110 & 881), Hilo (UOH 210 & 220), West O'ahu (UOH 700), the Community Colleges (UOH 800), and Systemwide Support (UOH 900).

III. Guidelines

- A. Each unit shall maintain minimum operating reserves from non-general funds in each fiscal year, as follows:
1. A minimum of five percent in unencumbered cash from all tuition and fee funds, including regular session tuition, summer session tuition, outreach program tuition, and fee revenues, to be calculated based upon recurring expenditures in the previous fiscal year; and
 2. A minimum of five percent in unencumbered cash from all other special and revolving funds, to be calculated based upon recurring expenditures in the previous fiscal year, and in addition to reserves for bond system projects required by bond resolutions or university policies.

- B. If a unit cannot achieve these minimum operating reserves, the applicable Chancellor or Vice President shall develop a plan to attain a minimum operating reserve as part of their biennium budget request.
- C. If a unit has operating reserves greater than 16 percent, the Chancellor or Vice President shall justify the need for such additional reserves as part of their biennium budget request. Any reserves greater than 16 percent that lack such justification may be subject to reallocation by the President, in consultation with the BOR.
- D. The status of operating reserves shall be reported quarterly to the BOR for tuition and fee funds, and annually at a minimum for other special and revolving funds.