

PROPOSED WITH F&F COMMITTEE AMENDMENTS  
**Board Policy on Operating Budget Fund Balance**  
**Board of Trustees of Oregon Institute of Technology**

**1. Purpose**

The purpose of an Operating Budget Fund Balance Policy is to ensure the financial health and stability of Oregon Tech and to communicate an accurate fiscal condition more broadly and clearly.

1.1 The policy ensures that:

1. Oregon Tech has the necessary flexibility to manage program revenue accounts to meet cash flow needs throughout the year, financial commitments, plans, and goals.
2. Reporting of program revenue cash balances is at a level that provides the Board of Trustees, Legislature, and public with a complete, consistent and transparent understanding of end-of-year balances.
3. Oregon Tech has the flexibility to continue to invest in and cultivate academic programs to reach all students seeking higher education.
4. Oregon Tech has the flexibility to invest in facilities that provide a hands-on education for real-world achievement.
5. Oregon Tech is not incentivized to undertake unnecessary end-of-year spending in order to meet restrictive carry-forward caps.

**2. Minimum Fund Balance**

2.1 Oregon Tech shall develop budgets that target an *a minimum* ending annual budgeted operations fund balance of ~~approximately 5 to 10 percent and a minimum annual operating fund balance of 10 to 15 percent~~ of annual budgeted operations revenues.

2. For purposes of this policy, budgeted operations funds are defined as all fund included in Fund Type 11 (Education and General) in Oregon Tech's accounting records.
3. The university shall advise the Board in the event projected or actual ending balances on an annual basis fall below five percent or rise above 33 percent of revenues. Included in the information provided by the university shall be an explanation for the variance and a plan to rebalance the budgeted operations fund balances over time to *a minimum of approximately 10 to 15 percent* of annual budget operations revenue.

**3.0 Order of Expenditure of Funds**

When multiple categories of resources are available for expenditure (e.g., a project is being funded partly by a grant, unrestricted fund balance), the University will start with the most restricted category and spend those funds first before moving down to the next restricted category with available funds.

Adopted: