UAF Unreserved Fund Balance (UFB)
Management Principles
February 2016

- Fiscal Stewardship – at all times, know your unit’s current and projected year-end fiscal position with accuracy.
- Positive Fiscal Position – complete the year with fewer expenses than realized revenue.
- Manage to an appropriate year-end balance for the size and complexity of your unit.

1. **Minimum UFB** – A reasonable amount of annual UFB is prudent and expected. Each unit will strive to have a minimum of amount of UFB equivalent to 1% of total unrestricted and restricted revenues not including UA Intra-Agency Receipts. All units are expected to end the fiscal year with a positive balance. Units must inform the Associate Vice Chancellor for Finance of any projected deficits as soon as they are identified. Units will be required to repay any year-end deficits in excess of $10,000 unless alternate arrangements are made, in writing, in advance.

2. **Maximum UFB** – Excessive UFB suggests a failure to invest available resources in expected program deliveries and enhancements. To encourage effective use of current year operating funds, the maximum UFB guidelines are set at:
   - 4% of total unrestricted and restricted revenues (not including UA Intra-Agency Receipts) for heavily NGF units (Revenue total is less than 50% from GF and Tuition)
   - 2% of total unrestricted and restricted revenues (not including UA Intra-Agency Receipts) for heavily GF units

3. **Projection Accuracy** – The University has an obligation to appropriately manage its financial resources. Applying this obligation to the management of UFB requires that it be accurately projected so that reasonable and prudent plans can be made for its expenditure. Doing so will help ensure that funds are properly expended in the succeeding fiscal year. Failure to accurately project UFB will adversely impact efficient use of funds by the unit and the institution. While some variance between projected and actual is to be expected, deviation of UFB at year end from April projections is expected to be within the following guidelines:
   - 2% of total unrestricted revenues (not including UA Intra-Agency Receipts) for heavily NGF units (Revenue total is less than 50% from GF and Tuition)
   - 1.5% of total unrestricted revenues (not including UA Intra-Agency Receipts) of heavily GF units

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4. **UFB Monitoring and Management** – To allow for reallocation of resources to current fiscal year operating funding gaps, a portion of UFB will be redirected when UFB at year end deviates in excess of established variances from the April projections or when UFB exceeds maximum guidelines. Redirected UFB will be pooled centrally for distribution by the Chancellor. The amount of UFB funds being swept will be determined as follows:

1. **High Accuracy**
   a. No UFB will be swept if the amount of UFB is within established guidelines.
   b. 80% of UFB over the maximum guideline will be swept
2. **Low Accuracy**
   a. 50% of total UFB

5. **UFB Investment Strategies** – Investments of Unit UFB revenue (account code 9890) should be tied to one or more of the following strategic themes; Connect, Research, Engage, Educate and Prepare. Unit UFB revenue should only be used for investments that are one-time in nature such as:

   a. Equipment and Library Books
   b. Restricted Research Match Support
   c. Bridge Funding related to future Base Reductions or Reallocations
   d. Faculty Startups
   e. Facility Upgrades for Program Needs, Campus Infrastructure and Appearance, and Space Moves
   f. Special One-Time Program Support

6. **Exceptions to UFB Principles** – Units purposely managing to an identified resource level for major equipment purchases, facility renewal, recruitment costs, faculty startups or other extraordinary one-time expenses may submit a request for exception to the maximum UFB guideline along with the April Management Report. The Vice Chancellor for Administrative Services will review the requests and make recommendations to the Chancellor by May 15.