

(Reviewed and Endorsed by Cabinet 8/16/2017)

Internal Loan Fund Proposal

The recently concluded 2017/18 Investment Fund process identified numerous strategic opportunities and critical infrastructure needs which heretofore had gone unaddressed. The fact that over \$735,000¹ in projects were funded through this process is testament to the fiscal capacity of the College to advance key priorities through appropriate resource allocation policy and budget processes. Several proposals exceeded the capacity of the Investment Funds to support either in part or their entirety due in part to their overall cost. It is proposed that the campus establish a fund by which internal loans can be made for priority proposals of this type.

An Internal Loan Fund (ILF) would provide the campus with a tool to allocate resources more effectively to leverage fiscal capacity and support strategic priorities and infrastructure needs that are beyond the means of any single funding source (e.g. unit operating funds, academic equipment replacement funding, fee based revenue, Investment Funds, etc.) to address.

Today the campus maintains a central reserve fund to operate in fiscal balance, make new one-time and permanent commitments and maintain appropriate reserve balances. The Internal Loan Fund would expand the use of central reserve funds by allocating up to 5% of the trailing year reserve balance as 'working capital' to finance approved loans consistent with the following terms:

1. Individual loan amount not to exceed 20% of the loan portfolio
2. Individual loan amount not to exceed 75% of other available sources of matching funds; e.g. some combination of unit operating funds and/or campus grants: academic equipment replacement funding, tech fee, investment funds, etc.²
3. Term not to exceed the depreciable life of the equipment or activity being financed or five years, whichever is less, e.g.:

Computer/Servers	3 years
Other Activities	5 years

Request and Approval Process:

- Effective 2017/18 all college requests for proposals (RFPs) for project funding – Investment Fund(s), Academic Equipment Replacement Funding, Technology Support Initiative Grants, Alterations and Small Capital Projects, LEEP, etc. – will be consolidated into a single call at the start of the academic year. Requests for internal loan financing can be made through these RFPs, or alternatively considered by the Vice President of Administration and Finance during the process of proposal review and funding discussion to optimize project funding across all fund sources.
- ILF financing commitments are subject to President's Cabinet final review and approval.

¹ Investment Fund(s) -- \$488,184; Minor Critical Maintenance/LEEP -- \$246,482

² For example an Investment Fund proposal with a total costs of \$90,000 and an up-front match of \$10,000 from the proposing unit, might receive an investment fund award of \$30,000 and an internal loan of \$50,000 (\$10,000/yr. for five years)