



State University of New York

*Memos to all  
x Faculty S.A.*

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## Memorandum to Presidents

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Date: January 20, 1976

Vol. 76 No. 1

From: Office of the Vice Chancellor for  
Finance and Business

Subject: Approved FSA Guidelines

At its meeting of December 17, 1975, the State University Board of Trustees adopted the enclosed Auxiliary Service Corporation (Faculty-Student Association) Guidelines. These guidelines will serve as the foundation upon which State University's relationship with auxiliary service corporations at the state-operated campuses will be based. These guidelines have been reviewed by the Department of Audit and Control and reflect that department's suggestions as well.

At the present time the details of the uniform accounting system for auxiliary service corporations are being completed by the University's Office of Internal Audit, in conjunction with the Department of Audit and Control. The accounting system should thus comply with many of the recommendations made by the State Comptroller in his recent audit report on auxiliary service corporations. It is anticipated that this accounting system will be completed and made available by the end of January, 1976.

The standardized contract, to be used at all state-operated campuses, is presently being developed. It will incorporate the guidelines as an attachment and will be designed to allow for tailoring to the specific needs of each campus on which auxiliary service will be provided by the corporations. The contract form should be available on or about February 1, 1976, in order that it may be completed and effective at each campus on April 1, 1976.

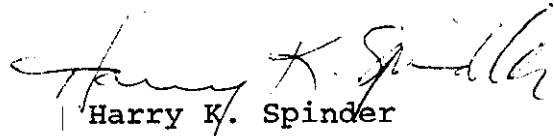
The Comptroller's office has further recommended that the State University be reimbursed for use of its facilities, both by the auxiliary service corporations and any contractors providing auxiliary services pursuant to subcontracts with the corporations. Obviously, this suggestion, particularly as it applies to direct use of facilities by auxiliary service corporations, is of great concern to the University. It is anticipated that meetings will be held with the Comptroller's office, in order to clarify the applicability of this recommendation and its effect on the operations of the auxiliary service corporations. The conclusions

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agreed upon at meetings will be incorporated into the contracts before they are sent out.

We appreciate the time and effort many of you have taken during the development of these guidelines. Understandably, not all objections have been met; however, we feel that the guidelines, as written, address the strongest concerns of each of the several constituencies served, taking into account the unique nature of the corporations themselves. We hope they will serve as a basis for an increasingly beneficial relationship between the University and the auxiliary service corporations.

  
Harry K. Spinder

Attachment

This memorandum addressed to:

Presidents, State-operated Campuses

This memorandum for information only to:

Deans, Statutory Colleges  
Presidents, Community Colleges  
President Rose  
Mr. Barlow

STATE UNIVERSITY OF NEW YORK  
AUXILIARY SERVICE CORPORATIONS  
GUIDELINES

I. ORGANIZATION

- A. Purpose - The corporation shall be a not-for-profit corporation (hereafter, the "corporation") having a general purpose clause which shall read as follows: "The general purposes of this corporation, within the meaning of 501(c)(3) of the Internal Revenue Code and its regulations, are to establish, operate, manage, and promote educationally related services for the benefit of the campus community, including faculty, staff and students in harmony with the educational mission and goals of the college.
- B. Compensation - None of the corporate officers, employees, or members shall receive any part of the net earnings or profits of this corporation.
- C. Use of Funds - Any income, monies, gifts, devises or bequests received by the corporation must be used to advance and promote the purposes of the corporation and the college. The corporation shall not actively solicit gifts, devises or bequests.
- D. Surpluses - Any surplus shall be used for the benefit of the college in accordance with the purposes of the corporation as expressed in its general purpose clause. Priority shall be given to using surplus for the purposes of reducing corporation debts, the building of reserves to amortize state loaned capital assets, the reduction of charges for costs of services, and such other purposes as may be established by the Vice Chancellor for Finance and Business.
- E. General Membership - Corporation general membership shall be open to all members of the faculty, student body, and administration of the college. Such membership shall be defined by the Certificate of Incorporation or the by-laws of the corporation. The chief administrative officer shall be a member ex officio. Provision may be made for the membership of Alumni and/or the members of the College Council.
- F. Membership Representation - The General Membership may elect representatives who will elect a Board of Directors of the corporation except as otherwise provided by paragraph "G".

G. Board of Directors -

1. The Board of Directors shall consist of faculty, students and officers of administration of the college. No single constituency shall have more than 50% of the board membership nor shall the student constituency have less than 1/3 the membership on the board. Provision may be made for the inclusion of a representative of alumni and/or members of the College Council. Student directors shall be elected from and by the student members. Faculty directors shall be elected from and by faculty members. Directors representing administration shall be appointed by the campus chief administrative officer. The corporate bylaws shall determine the manner of election of all other directors.

2. The Chief Administrative Officer of the college shall not be a director or officer of the corporation.

- H. Supervision and Approvals - The management of the corporation is vested in the Board of Directors as provided by law. However, the continuance of contractual relations between the corporation and the college depend upon a close harmony of practice and purpose between the parties. Accordingly, the campus Chief Administrative Officer shall be invited to attend board meetings. Minutes, if any, shall be provided to the Chief Administrative Officer. All corporate Books and papers of whatever kind shall be made available upon request to the Chief Administrative Officer. The directors and officers of the corporation shall inform the Chief Administrative Officer upon significant matters of corporate business affecting the interests of the college.
- I. Staffing - The corporation shall engage full and/or part-time employees to the extent necessary to conduct its business. State employees may be employed by the corporation on a part-time basis providing time worked is either outside the employee's normal work hours, or is charged as time off to leave credits.
- J. Charter/By-Law Changes - If the charter or by-laws of the corporation are to be changed in any respect during the term of the agreement, sixty (60) days prior written notice of such proposed change(s) shall be reported to the Chief Administrative Officer and the Vice Chancellor for Finance and Business. No such change shall take effect without the written approval of the Chief Administrative Officer and the Vice Chancellor for Finance and Business.

II. SERVICES

- A. Services specified in the contract between the corporation and the college may be provided directly by the corporation or through subcontracts which have been approved by the Chief Administrative Officer and the Vice Chancellor for Finance

and Business. Services which may be provided to the college by or through the corporation may include, but are not necessarily limited to, the following:

1. Food Services - The campus food services may consist of conducting and operating the kitchens, cooking facilities, dining halls, snack bars, service areas and all other operations related to or connected with the preparation and sale of food, legal beverages and other items which serve the needs and convenience of the college.
2. Vending Services - The campus vending services may include cigarettes, tobacco, confectionery, candy, food, beverage, amusement, recreation, and other coin or token operated mechanical or electrical service devices.
3. Campus Stores - The campus store may sell books, stationery and merchandise or supplies appropriate to the needs and convenience of the college.
4. Laundry Services -
5. Other Auxiliary Services - The Chief Administrative Officer of the college may request a modification of the contract to provide for additional services.
6. Consultants - SUNY shall be provided with a copy of any report, or study produced by any consultant retained or otherwise employed by the corporation and may require the Board of Directors of the corporation to provide appropriate comments and recommendations on such report or study.
7. Program Financing - College programs, if any, will be budgeted and financed only with net earnings from the corporation as approved by the Vice Chancellor for Finance and Business on recommendation of the campus president providing there is an appropriate written justification of the need for the proposed program, and a certification by the corporation that its financial condition is sound and that it has planned and funded reserves established as mandated elsewhere in these guidelines.

### III. FINANCIAL

A. General Budget - The corporation shall prepare each year a general budget as well as budgets for each auxiliary service under its control or supervision.

1. Budget Approval - The budget shall be submitted to the Chief Administrative Officer of the College for

review and approval. If approved, the Chief Administrative Officer of the college shall submit the budget to the Vice Chancellor for Finance and Business for review and approval at least sixty (60) days prior to the commencing date of the corporation's fiscal year for which the budget is prepared. The review and approval or disapproval by SUNY must be made at least fifteen (15) days subsequent to submission of revised budgets by the corporation.

2. Availability and Expenditures of Income - No income shall be available to the corporation for any purpose until the budget shall have been approved as herein provided, nor shall any part of any such approved income be expended for any purpose not set forth in such proposed plan without approval in advance by the Vice Chancellor for Finance and Business and the Chief Administrative Officer of the College.
  3. Certification - the corporation shall, within thirty (30) days after the end of each quarter of the fiscal year, submit financial statements and certify in writing to SUNY that the results of operations for that quarter of the year have been reviewed and that reasonable estimates of the results of operations for the remainder of the year have been made and are consistent with the approved budget.
  4. Charges - The amount of any charge for goods or services provided by the corporation shall be based upon the budget of the activity or service concerned and shall be subject to the approval of SUNY.
- B. Accounting Records - The corporation shall keep books of account and records of all its operations. It shall maintain systems of bookkeeping and accounting acceptable to SUNY and to the State Comptroller and shall permit inspection of said books, records, and papers of any kind by SUNY and the State Comptroller. At the end of each fiscal year the corporation shall submit full accounting information. The accounting information submitted shall be in conformance with general accepted accounting principles and in format established by the Vice Chancellor for Finance and Business.
- C. Audit - The corporation shall make provisions for independent certified audit of its accounts annually by a Certified Public Accountant and shall promptly forward three copies of its audited and certified financial statements to SUNY.

- D. Funded Reserves - Funded reserves, consisting of cash and liquid investments, at a level established by SUNY for the replacement of both State and corporation owned equipment will be maintained. Maintenance, repair and replacement of State equipment shall be the responsibility of the corporation.
- E. Fiscal Guidelines and Statistical Analysis - Guidelines may be established by SUNY from time to time within which the fiscal operation of the corporation must be conducted. The guidelines may include, but are not limited to, provisions regarding the level of retained earnings. Statistical comparisons in the primary operating areas of all campuses will be produced by SUNY for each campus including but not limited to the following: cost of sales, salary expenses, operating expenses and net earnings.

#### IV. PUBLIC INFORMATION

The corporation shall make available to the college community copies of the following:

minutes of annual or any regular meetings;  
annual certified financial statements; and  
annual budgets and subsequent revisions.

#### V. AFFIRMATIVE ACTION

The corporation shall take affirmative action to assure equal opportunity in employment.

#### VI. APPROPRIATE ACTIVITIES

- A. Auxiliary Service Corporations shall not engage in any of the following activities or practices:
1. Those contrary to the policies of SUNY or the college.
  2. The awarding of athletic scholarships or grants in aid.
  3. The purchase of real estate (land and/or buildings) for the purpose of investment or speculation.
  4. The employment of persons to be faculty members or other employees of the college, or the subsidization, in any form, of college employee salaries.
  5. The provision of a corporation automobile for State or college business, in order to benefit the corporation.
  6. The operation and/or management of parking facilities on State or college property.
  7. The operation and/or management of student housing facilities at a time when college dormitories are operating at less than 100% capacity.
  8. The provision of furnishings for faculty or staff housing.
  9. Furnishing of security or other administrative services ordinarily financed by college operations.
  10. Financing, in whole or in part, college capital construction projects.

- B. Corporate services shall not be advertised outside the college community.

VII. AGENCY FUNDS

- A. The receipt, custody and disbursement of monies as agent for student organizations of the college is permissible.

Student Activity Fee - The corporation may act as agent for the representative student organization, when designated by such organization, in relation to student activity funds subject to regulations of the State University on student activity fees.

- B. Management Fee - The corporation may collect a reasonable management fee for acting as a collecting, custodial, and disbursing agent for agency accounts and student activity funds, such fee to approximate the cost of such responsibility.
- C. Fiduciary Relationship - The corporation may not combine or comingle agency funds and corporate funds. Separate agency funds may be combined or comingled for the purposes of increasing efficiency in handling such funds, and improving income produced by the funds. In the event agency funds are combined, detailed accounting must be maintained, indicating debits and credits to each fund, for all funds so combined. In addition the corporation shall maintain a formal agreement between itself and each agency specifying any limitation upon the types of bank deposits or other investments the corporation may make with each individual agency's funds.
- D. Interest - Interest earned on the investment of agency funds shall be credited to the appropriate agency account by the corporation.
- E. State Funds - Corporation fiduciary or agency fund accounts should not be used for monies belonging to the State Treasury either as general revenues or as revenues accountable through an Income Reimbursable Account, nor should such monies be used for corporation purposes.

VIII. AUXILIARY SERVICES COMMITTEE

The Auxiliary Services Advisory Committee shall review and recommend action to the Vice Chancellor for Finance and Business on budgets, audits, and proposed charter or by-law changes. The Committee will consist of 3 Chief Financial Officers, 3 Corporation Executive Directors, 2 faculty, 4 undergraduate students, 1 graduate student, 2 student affairs people, 1 Chief Administrative Officer and 1 representative each from the Confederation of Alumni Associations and the Association of Council Members and College Trustees.

IX. STATE UNIVERSITY OFFICERS

The Vice Chancellor for Finance and Business will be the administrative link between the corporations, the colleges, other State agencies, and the Auxiliary Services Committee. He will be responsible for approval of budgets and will also review operations and financial statements. Wherever reference is made in these guidelines to State University of New York or the Vice Chancellor for Finance and Business, such reference shall be deemed to include the Vice Chancellor for Finance and Business, his designees, or any other officer appropriately designated by the Chancellor or the Board of Trustees. Any reference in these guidelines to "Chief Administrative Officer" shall be deemed to include the Chief Administrative Officer or his designee.