

Section 2: Elaboration on Association Finances

March 3, 1970

Mr. David Edwards

Mr. John Grube

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Associated Students

Stanford University

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Gentlemen:

On the basis of the recommendations of the ad hoc Committee on ASSU Finances and consultation with University officers and other interested persons, I am writing to inform you of my approval of the new ASSU Constitution's provisions on finance, with the establishment of the following arrangements and procedures:

Funding

The University will provide general funds support for the basic operating costs of the ASSU. Activities considered to be included in operations are the expenses of the ASSU Office and the Students' Organizations Fund, the senior officers of the Association, and the elections and judicial aide apparatus. A suggested budget which provides for these categories has been developed by the ad hoc group, and it is appended to this letter. Once the operating budget has been approved by the ASSU Senate, it will be augmented by annual University maintenance increases to reflect costs of living, as are regular University departments. Renegotiation of the basic budget, apart from these yearly adjustments, will take place on a not more than biannual basis, beginning with the operating budget for the year 1972-73. Such negotiations will be incorporated into the regular University budget cycle.

Funds for programs sponsored by the ASSU, such as commissions, publications, or other member groups, are to be paid directly by the student body as a supplement to the University's regular tuition. The amount of this ASSU "program fee" will be determined by members of the Association, via referendum. The mechanics of the fee referendum were developed by the ad hoc Committee, and are detailed below.

I am asking the ASSU Senate to establish an audit committee, to be composed of at least three members of the Association and at least one University representative nominated by the Controller. This group will be responsible for

- the selection of the required independent auditor for ASSU;
- such interim reviews of procedures or financial status as it deems necessary; and
- regular reporting to the Association on its financial position.

The audit committee will receive monthly reports from the ASSU Financial Manager showing the status of all authorized budget accounts (funding, expenses, balances, etc.), and will have access to all bookkeeping and financial records of the Association and the Students' Organizations Fund. I shall continue to approve the fees, assessments, audits, annual budget and selection of the auditor as provided by the Constitution.

Fee Referendum

The general spring election of ASSU will be considered the official referendum for determination of ASSU program fees. In order to provide adequate notice and information to the student body, the following steps will be observed:

the ASSU Senate will set the date(s) of the spring election not later than the end of February each year;

the University will insert with spring registration materials a notice that 1) the referendum is scheduled for the indicated date(s) and that 2) the Controller will consider the referendum results binding on all students who enroll during the subsequent autumn, winter, spring, and/or summer quarters;

the ASSU Senate will establish a referendum task force in February which will review financial requirements of member organizations and prepare a detailed report of the mechanics and program implications/options of the student vote. Priorities for specific programs and any special-item questions (the Daily or the Student Center, for example) would be listed in this report. The document must be made available to students at least fifteen days prior to the first day of voting. The ASSU Senate will also be responsible for seeing that referendum information is published in the Stanford Daily well in advance of the election. The University will audit the results of the program fee voting.

Selection of Financial Manager

In my earlier letter, I called attention to the lack of adequate training time for incoming financial managers under the terms of the new Constitution. The ad hoc Committee has made a recommendation in this regard, which I endorse. They call for the establishment of the position of Associate Financial Manager. The AFM would serve from mid-February to mid-June each year. His selection would be made by the committee of four which chooses the Financial Manager, save substitution of the incumbent President for the President-elect. The AFM would be expected to become familiar with the duties and responsibilities of the Financial Manager's office, and would be the prime candidate for the successor position when the committee of four (including the President-elect) could meet in May to name the new Financial Manager.

Residual General Funds for 1970-71

The recommended basic operating budget for ASSU for 1970-71 is below the current level of University support for the Association. Since tuition for the coming year has been widely announced, it is not possible to make an adjustment in that rate to reflect the reduction of University funds provided ASSU. Instead, the University will contribute the residual amount as a program base for the Association for this one year. Based on the proposed basic operating budget, this contribution should approximate \$34,000. Starting in 1971-72, general funds will be used only for operating category purposes.

Summer Session Funding

The fee established in the spring election will also be assessed from students who enroll during the summer term. Summer officers of ASSU will be expected to expend funds so collected on programs held during the summer school quarter. Anticipating this, it is my hope that the ASSU Senate will give more than casual attention to its approval of summer government officers.

Compensation for ASSU Officers

It was the recommendation of the ad hoc Committee that somewhat more realistic salaries (and in some cases tuition grants) be paid to the senior officers of the Association. A parallel recommendation was that the ASSU President, Vice President, and Senate Chairman be permitted to enroll on a half-time basis. The principle is one of recognizing the commitment of energy and time that such service entails, and of facilitating participation in ASSU governance when there may be a case of financial hardship. Should there be an instance where an ASSU officer is also the recipient of University financial support, his combined funding from the ASSU position and University funds will be limited to \$1000 above the established cost of education for the given academic year. I am happy to endorse all of these recommendations.

Support for the Stanford Daily

The ad hoc Committee categorized publication subsidies as a program cost of the Association. There will not be any provision for student support of the Daily in the basic operating budget allocation from the University.

Fiscal Responsibility

Officers and staff of the ASSU who are responsible for the disbursement of funds will be required to post a fidelity bond prior to assuming their duties.

This concludes, with one exception noted below, the list of arrangements and procedures. By copy of this letter, I am asking members of the ad hoc Committee to be available to discuss the reasoning behind any of these decisions. I hope that members of the Association and the Senate will avail themselves of the Committee's help in the event that there are questions about any aspects of the report or these procedures. The one exception mentioned has to do with the controls exercised over expenditures of funds derived from benefits held by student organizations. I am not persuaded that our present procedures are adequate, and intend in the near future to have them examined in detail. Of course, the ASSU will be involved in that process. Finally, I wish to express my hope that the ASSU will work to become a financially independent and self-sustaining student association in the future. There is much to commend such a posture, including greater responsibility and flexibility. I believe that it is a goal which we can work together to realize.

Yours very sincerely,

K.S. Pitzer

President