TDL Reserve Policy

Purpose of this policy

This policy governs the maintenance and use of an Operating Reserve to stabilize TDL finances, providing a cushion against unexpected loss of income, and in the worst case scenario, assuring sufficient funds for an orderly shut down of the organization.

Amount of the reserve

The Texas Digital Library will maintain a cash reserve of 3 months’ worth of operating funds as an Operating Reserve for use to wind down operations in case of dissolution of the organization or to cover emergency revenue shortfalls.

Rationale

The risk of catastrophic failure for the Texas Digital Library is low because of its high level of ARL support and its embeddedness within an established large research university. Any wind-down of the TDL would, in all likelihood, be planned and managed well in advance of the dissolution date.

Determination of dollar amount

The dollar amount of the reserve will be reset annually, depending on projected expenses for the coming fiscal year. This process will take place during TDL’s regular budgeting process, which takes place in Spring, and approved by the Governing Board at the spring Board Meeting.

Authority to use Operating Reserve

The Executive Director, with approval from the Executive Committee of the Governing Board, may use Operating Reserve funds for purposes outlined in this policy.

Other accumulated revenue

Should there be other accumulated revenue, over and above the dollar amount set annually for an Operating Reserve, the Executive Director, in consultation with the Governing Board, may use these funds for purposes that further the mission of the organization and its members. In general, use of such funds should be approved by the Governing Board during the annual budgeting process.
Policy Review

The Governing Board will review the Reserve Policy every three years at the Fall Governing Board Meeting.