63.gsc.8: Amendment to the Bylaws concerning Funding and Budgets

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The Graduate Student Council of the Massachusetts Institute of Technology, taking into consideration:

1. Article X.2 of the GSC Constitution
2. The need for clarity in matters concerning funding and budgeting
3. The need to bring the Bylaws in agreement with current practice, decides to amend the Bylaws as follows:

1. The Funding Board procedures no longer reflect current practice and are unnecessarily burdensome on student groups and Funding Board. Therefore, Article II.G.3 is amended as follows:

Funding awards shall be decided upon at regular intervals, at least once a semester (Summer, Fall, Spring) in an open meeting. Funding is to be approved by majority vote of the Funding Board. Awards will be in the form of offerings of reimbursement for expenses, following submission of receipts, as specified in the Funding Board Guidelines and the funding award. Organizations receiving funding awards shall have their disbursements audited at least every 2 years. All allocations will be posted publicly, and any group may request an explanation for any unfunded application or expense and file a written appeal with the Funding Appeals Board by the cycle deadline. The Funding Appeals Board is specifically charged with hearing and deciding upon appeals made regarding funding awards and distribution. The Funding Appeals Board shall be composed of the following 3 members: the GSC Treasurer, the GSC Vice President, who will act as chairperson for the Board, and the ASA Graduate Student member at large. Appeals shall be made in person to the Funding Appeals Board, following a submitted request. Immediately following this appeal, the Funding Appeals Board will either make a final decision by unanimous vote, or submit the matter to the GSC General Council.

2. The method for calculating the 3-year average of flexible revenues is both unclear and redundant. Therefore, Article VI.A.i.b is amended as follows:

Flexible Revenue: The amount of this revenue is flexible and fluctuates based on the circumstances. Examples of such revenue are Career Fair Proceeds and GradRat Royalty Shares. In the beginning of the year, an estimate for each flexible revenue stream should be...
be calculated based on a 3 year average formulation. The average of the projected revenue for the past three years \( R_{avg,t} \) is calculated and adjusted for the inflation by the Consumer Price Index for all Urban Consumers (CPI-U), as determined by the Bureau of Labor Statistics (BLS). The CPI-U basis for previous fiscal years is taken as the June prior to the fiscal year start, and the basis for the upcoming year is the latest month for which BLS data is available (typically March), for the June of the current calendar year, as determined by the Bureau of Labor Statistics. This index is denoted by CPI\(_t\). Thus, the 3 year average is calculated using the formula below:

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R_{avg,t} = \frac{CPI_t \left( R_{avg,t-1} \frac{CPI_{t-1}}{CPI_{t-2}} + R_{avg,t-2} \frac{CPI_{t-2}}{CPI_{t-3}} + R_{avg,t-3} \frac{CPI_{t-3}}{CPI_{t-4}} \right)}{3}
\]

In case of more than one flexible revenue, the average of each of the revenues is calculated using the above formula. The total of all the average revenues are calculated using the formula below:

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3. \quad \text{The Reserve Fund described in the Bylaws is frequently confused with the beginning and end of year reserves in the GSC Budget. In addition, the Fund itself is actually held in an account named the GSC Stabilization Fund. Finally, the method of voting on disbursements from the Stabilization Fund should be aligned with standard legislative procedure. Therefore, Articles VI.E and VI.F are amended as follows:}
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**E. Mid-year budget re-scope**

The executive committee may re-scope the budget. The budget validity and legislative process shall be the same as Article VI.2 and VI.4 respectively.

The process consists of two parts:

1. Re-evaluation of the line items and the committee sub-totals for better use of the unused funds.

2. Reporting the actual cash inflow of the flexible revenues and adjustment for the Reserve Fund the Stabilization Fund as explained in Article VI.F, below. After the adjustment of the Reserve Fund, if the actual cash inflow is still more than the beginning-of-year estimation, then the excess funds shall be distributed. However, if the actual cash inflow after the adjustment for
F. Reserve Fund Stabilization Fund

The Council maintains a dedicated Reserve Fund Stabilization Fund, separate from the other accounts used for the day-to-day operations of the Council. Its purpose is to smooth excessive variation in cash inflows from outside the Institute. The Reserve Fund Stabilization Fund is governed by the following mechanism:

1. The Reserve Fund Stabilization Fund balance shall never exceed 15% of the Previous Budget cash outflows.

2. Depending on the actual cash inflow of all the flexible revenues in the current year, two situations can arise:
   1. The actual cash inflows (All_Rt) exceed or equal the average of all the flexible revenues to the GSC for the past three years, adjusted for inflation by the Consumer Price Index (All_Ravg,t). In this case, the Treasurer must transfer the following sum to the Reserve Fund Stabilization Fund, by March 31 at the latest: \[50\% \times (All_Rt - All_Ravg,t)\], or \[15\% \times (Previous Budget cash outflows) - current Reserve Fund Stabilization Fund balance\], whichever is less.

   2. The actual cash inflow (All_Rt) is below the average of all the flexible revenues to the GSC for the past three years, adjusted for inflation by the Consumer Price Index (All_Ravg,t). In this case, the Treasurer can withdraw up to: \[50\% \times (All_Ravg,t - All_Rt)\], or the current Reserve Fund Stabilization Fund balance, whichever is less. The funds withdrawn can only be used towards approved Budget items.

3. Special disbursement:
   If the Executive Committee wishes to withdraw funds from the Reserve Fund Stabilization Fund outside or in excess of the provisions of Article VI.F.3, and only after those provisions have been met, a special Council Meeting must be called and a resolution for funds withdrawal shall be approved by a \(1/2\) vote simple majority of the full Council. To be valid, the resolution should be publicized at least two weeks prior to the Council meeting and contain:

   i. The current balance of the Reserve Fund Stabilization Fund.
ii. The total amount to be withdrawn, which shall not exceed 5% of the “Previous Budget” cash outflows, or the current balance of the Reserve Fund Stabilization Fund, whichever is less.

iii. The approved Budget line item(s) towards which the funds will be used, and the rationale as to why these cannot be funded through normal inflows. This special disbursement can only take place at most once per annual term of the GSC.

The above shall take effect immediately. The Secretary of the Graduate Student Council is ordered to publicize this document by any means appropriate.