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ASG Debt Relief Program

Effective: 8/29/2016

Introduction

As of 6-16-2016, 51 student organizations are in debt totaling nearly \$30,000 in their ASG (SD9**) accounts. Furthermore, 164 organizations are in debt totaling \$250,000 in their Agency accounts (9**). This money mismanagement problem has developed over many years and is a result of many factors.

This memo outlines the preliminary steps of a multiyear ASG initiative to not only assist student organizations in repaying their existing debts but also to build rigorous internal safeguards and externally facing solutions to settle this money mismanagement problem. The initiative will focus on ending the problem without crippling ASG's ability to fund student organizations.

FY 2017 Goals

Due to the scope of the debt problem and the limited budget of ASG, the initiative to solve the money mismanagement problem will be split into several years. This school year ASG will focus on several aspects of the problem including:

1. Identifying the sources and causes of existing debts in student organization accounts
2. Assisting organizations in debt in SD accounts to repay the debt
3. Repairing the over allocation in ASG funding account and preventing another from occurring
4. Addressing the root causes of the crisis by building ASG internal controls as well as externally facing solutions to prevent future problems

First Steps

During funding hearings, organizations will discuss with the Funding and Audit committee the student organization's debt problem. These discussions will be limited to ASG account debt for the 2016-2017 academic school year. Committee members will attempt to verify provided documentation. The burden of proof will rest on the student organization to show that debt incurred on ASG accounts was not the result of the student organization's error.



After the preliminary investigation occurs during fall funding hearings, ASG account debt will be handled using the following guidelines:

Debt caused by an ASG failure to disperse allocated funds

- Approved Transactions will be paid by ASG

Debt caused by transactions posted to an ASG Account after funding sweeps

- Approved Transactions made during the last academic year will be paid by ASG

Debt from sources not addressed above

- ASG will partner with student organizations to repay remaining debt in ASG accounts according to the following method. The debt relief program is structured similarly to the US Income tax brackets. A simplified table is available on the ASG Website.

Amount of Debt Held By Student Org	% Paid By Org within Debt Bracket	Plus \$ Paid by Org from previous Brackets	Equals Total Debt Payment (Range)
Up to \$100 of Debt	0%	\$0	\$0
\$100.01 - \$500	60%	\$0	\$0 - \$240
\$500.01 - \$1000	70%	\$240	\$240 - \$590
\$1000.01 - \$5000	80%	\$590	\$590 - \$3790
\$5000.01+	100%	\$3790	\$3790 +

- The average debt burden in SD accounts, after excluding an outlier, is ~\$550. Suppose an organization has \$550 of debt. The org pays 70% of the debt they hold in the \$500.01-\$1000.00 bracket. This means they pay 70% of \$50 or \$35. When this is added to the amount paid by the org from other brackets or \$240, the org will end up paying \$275 to retire their \$550 debt obligation. ASG would pay the portion of debt not paid by the organization.
- Organizations “Pay” for their debt by having their total approved funding reduced by the amount of debt that needs to be paid off by the organization.
 - On a case by case basis, the Funding and Audit Committee will allow student organizations to pay their debts off over two funding cycles
- This system has several advantages
 - On average, organizations will pay off ½ of their debt to be debt free.
 - Organizations with less than \$100 of debt will not be impacted by the program. This accounts for 27 out of 50 organizations in debt in their SD accounts or 54% of organizations.
 - Given the current amount of debt in Student Organization ASG accounts, about 63% of all debt will be paid off by student organizations, keeping ASG in budget for FY2017.