



## POLICY 7.1

### FINANCIAL OPERATIONS OF THE COMMISSIONS

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#### 7.1.1 DUES AND FEES

The Commissions on Elementary and Secondary Schools will establish a schedule of dues and fees annually on the recommendation of the MSA-CES Finance Committee and the MSA-CSS Finance Committee. Dues and fees shall be set to assure that the Commissions are able to meet their operational expenses and to provide for the maintenance of a reserve fund.

7.1.1.1. Notification to Member Institutions of Dues Increases. Institutions shall be notified a minimum of six months in advance of increases in dues.

7.1.1.2. Annual Dues.

- a. Payment of annual dues entitles MSA-CESS accredited institutions to all of the rights, privileges, and services outlined in the Commissions' policies.
- b. The following services are provided from the annual dues to accredited institutions as part of the annual dues:
  - 1) Listing of the institution's name and pertinent information in all directories of the Commissions and on the Commissions' website as a MSA-CESS accredited or candidate institution;
  - 2) Official notice of accreditation and a personalized accreditation certificate for display;
  - 3) Unlimited attendance at workshops offered for the overview and awareness of accreditation protocols and other required aspects of the accreditation process (although attendance at each session may be limited due to space);
  - 4) Attendance at visiting team chair training workshops (by invitation only);
  - 5) Technical assistance by the Commissions' staff via phone, mail, and email;

- 6) Consultation with schools preparing for accreditation and the phases of the continuous school improvement;
- 7) A maximum of one onsite visit and/or presentation on accreditation-related topics once every three years by the MSA-CESS staff or Commissions' representative;
- 8) All necessary technical reviews of objectives required self-study and accreditation protocols;
- 9) Provision of MSA-CESS-developed accreditation self-study and accreditation materials (up to two copies per institution) and permission to make additional copies as needed for accreditation purposes;
- 10) Research and development necessary to develop and maintain current, useful, and relevant Standards for Accreditation and self-study and accreditation materials;
- 11) Use of both the MSA-CESS and the Middle States Association logo;
- 12) Upon request of the institution, official letters and other documents verifying the institution's accreditation status to other individuals and organizations. (e.g. College Board, National Board for Professional Teaching Standards, state education and certification departments, armed services recruiters, etc.);
- 13) Provision of visiting teams to conduct and accreditation evaluation of the institution on behalf of MSA-CESS; training of team chairs;
- 14) Provision of print and online newsletters and articles about accreditation;
- 15) Opportunity to participate in Commissions' governance by electing members of the Commission on Elementary Schools and/or the Commission on Secondary Schools, as appropriate, responding to Commission input/needs assessment surveys, and participation on advisory committees;
- 16) Opportunity for professional development and enrichment by serving on visiting teams;
- 17) Processing of accreditation maintenance reports=;
- 18) A voice in establishing the Standards for Accreditation;
- 19) Opportunity to gain continuing education units for required teacher/administrator certification mandates;
- 20) Maintenance of historical records of institutional accreditation;
- 21) For postsecondary institutions, the opportunity to register the institution's website as a ".edu" domain; and
- 22) The opportunity to register the institution with The College Board as an Advanced Placement and SAT test site.

- c. An institution that has been offered and accepts the status of Candidate for Accreditation is assessed membership dues annually in the same manner and according to the same dues schedule applicable to MSA-CESS accredited schools.
- d. Annual dues are billed on a fiscal year basis (July 1—June 30) and are payable upon receipt but not later than October 31.
- e. Institutions that accept an offer of Candidacy for Accreditation status between July 1 and December 31 shall be charged a full year's dues. Institutions that are offered candidacy between January 1 and April 30 shall be charged a half-year's dues. Dues billing for institutions that are offered candidacy between May 1 and June 30 will be deferred until the following fiscal year.

7.1.1.3. Dues for Associate Business Members.

- a. The Commissions on Elementary and Secondary Schools will establish a dues schedule for Associate Business Members annually on the recommendation of the MSA-CESS Finance Committees.
- b. Associate Business Members shall be notified of changes to the dues schedule following the Commissions' decision to change the dues schedule.
- c. Dues for Associate Business Members shall be billed within 30 days of the date on which the written agreement with MSA-CESS is signed by both parties and payable within 30 calendar days of the billing.
- d. All dues for Associate Business Members are non-refundable, except in the event MSA-CESS fails to comply with the provisions of the written agreement and the Affiliate Member chooses to terminate the agreement for this cause. Termination for this reason within the first six months of the one-year contract shall result in a 75% refund. Termination for this reason in the second six months of the one-year contract shall result in a 50% refund.

7.1.1.4. Fees.

- a. Candidacy Fee. Institutions that register to express formally their interest in seeking accreditation by the Commission(s) will be billed a Candidacy Fee, which is to be paid at the time the registration is submitted. No further action that might lead to an invitation to submit an Application for Candidacy will be taken until the Candidacy Fee is paid.

- 1) The Fee is for the costs of training Candidacy Visitors, developing candidacy materials, developing materials for candidacy visits, processing candidacy reports, and the administrative costs for processing the candidacy report.
  - 2) Travel costs associated with the candidacy visit are assessed separately.\
  - 3) Payment of the Candidacy Fee does not guarantee that an institution will be offered the status of a Candidate for Accreditation. When Candidate for Accreditation status is offered and accepted, the institution is not admitted into Candidacy until all applicable dues and fees are paid.
- b. Evaluation Preparation Fee. Institutions requesting an onsite visit for the purpose of accreditation or reaccreditation will be charged an Evaluation Preparation Fee.
- 1) MSA-CESS will include an invoice for the Evaluation Preparation Fee when it sends an Application for Evaluation to accredited and candidate institutions that are due for an onsite accreditation/reaccreditation visit. Payment of the fee must be sent to the Commissions with the completed Application.
  - 2) Dates for an onsite team visit will not be established and no action on developing a team for a visit will occur until the Evaluation Preparation Fee is paid. This Fee does not include the costs associated with hosting the visiting team (e.g., housing, meals, and travel). Such costs are paid directly by the institution.
  - 3) If an onsite visit is postponed at the request of a school after a visiting team has been developed, the fee will not be refunded, and the school will be charged a separate Evaluation Preparation when it has requested a new onsite visit.
- c. Other fees: Additional fees may be charged as necessary.
- d. Specific Services for a Fee. A wide range of institutional improvement services may be provided by the Commissions to member and non-member schools. The amount of the Fee depends on the services to be rendered and is agreed to prior to the delivery of the service. (See MSCSS Policy 4.1, Institutional Improvement Services.)

7.1.1.5. Refunds of Dues and Fees for Member Institutions. All dues and fees are non-refundable.

7.1.1.6. Dues and Fees for Member Institutions in Cooperative Accreditation Relationships. All dues and fees are established separately and paid directly to each accreditation agency when an institution seeks MSA-CESS accreditation as well as the accreditation of one of the Commission's cooperative partners. There shall be no commingling of funds between agencies.

7.1.1.7. Nonpayment of Dues and Fees. Institutions with unpaid dues and fees shall be considered delinquent and subject to removal of the institution's accreditation or status as a Candidate for Accreditation.

## **7.1.2. BUDGETS**

7.1.2.1. Annually, at the spring meetings of the Commission on Elementary Schools and the Commission on Secondary Schools, the President will present a budget for the next fiscal year for review/revision by the appropriate Finance Committees and adoption by the Commissions.

7.1.2.2. Budget Development Calendar.

- a. The proposed MSA-CES budget shall be reviewed by the MSA-CES Finance Committee prior to the spring MSA-CES meeting and presented to the full Commission for approval at that meeting.
- b. The proposed MSA-CSS budget shall be reviewed by the MSA-CSS Finance Committee prior to the spring MSA-CSS meeting and presented to the full Commission for approval at that meeting.

7.1.2.3. Accounting Practices.

- a. The financial accounts of the two Commissions shall be maintained separately and used solely for the operations of the appropriate Commission.
- b. The finances of the Commissions shall be maintained in accordance with generally accepted accounting principles as practiced in the United States.
- c. The accounts will be listed and described in a chart of accounts. The chart of accounts will be reviewed regularly by the President and the appropriate committee to determine whether descriptions are adequate and uses for each account are appropriate.

#### 7.1.2.4. Periodic Budget Reconciliation.

- a. The Business Manager of the Middle States Association shall prepare quarterly financial reports within fifteen (15) days of the close of the quarter with an analysis of actual income and expenditures compared to budgeted income and expenditures.
- b. The President will inform the appropriate committees and the full Commissions of any circumstances that may alter appreciably the budget and recommend any adjustments to the plan that may be needed.

7.1.2.5. Reports to the Commissions. The President will provide regular financial reports to the MSA-CES Finance Committee and the MSA-CSS Finance Committee to keep members informed on the financial status of the respective Commission. The MSA-CES Finance Committee and the MSA-CSS Finance Committee provide reports to the full Commissions at their regularly scheduled and special meetings.

7.1.2.6. Revisions to the Approved Budget. The MSA-CES Finance Committee and the MSA-CSS Finance Committee shall have the authority to make revisions to the approved annual budget of their respective Commission with the proviso that the revisions may not cause an increase in the overall approved expenditures.

### **7.1.3. RESERVE FUNDS**

7.1.3.1. The Commission on Elementary Schools and the Commission on Secondary Schools shall each establish and maintain a separate reserve fund. The reserve funds are accumulated funds intended for use only in cases of emergency, planned capital acquisition, or unexpected opportunity. The nature of these funds is that they should provide reasonable investment return balanced with necessary liquidity and accessibility as needed. Therefore, the reserve fund does not include the Commissions' investment in real estate or other assets such as furniture and equipment. The reserve funds are to be maintained separate and distinct from the Commissions' operating funds.

7.1.3.2. Purposes of Reserve Funds. The Commission on Elementary Schools and the Commission on Secondary Schools will each maintain a reserve fund for the following purposes:

- a. To provide a cushion of funds for emergency operational needs and unforeseen contingencies, circumstances, and/or calamities;
- b. To fund the acquisition or planned improvement of major capital assets of the Commissions; and
- c. To fund the design and initial implementation of new projects not funded by the operational budget, but which are directly related to the achievement of the Commissions' missions, and are critical to the accomplishment of the Commissions' strategic plan;

7.1.3.3. Reserve Funds' Balance.

- a. The reserve fund balance for each Commission shall be established and maintained at a level considered appropriate to the Commissions' Finance Committees and reasonable relative to the respective Commissions' annual operating expenditures.
- b. Monies expended from the reserve funds will be paid back through a prescribed repayment schedule to the extent possible.

7.1.3.4. Management of the Reserve Funds. Management of the reserve funds will be the responsibility of the President of the Commissions and the fiduciary responsibility of the appropriate committee (MSA-CES Finance Committee; MSA-CSS Finance Committee) within the requirements and parameters of this policy.

7.1.3.5. Authorization of Expenditures from the Reserve Funds. Expenditures from a reserve fund must be authorized by the appropriate committee (MSA-CES Finance Committee; MSA-CSS Finance Committee) delegated through this policy by the full Commission.

7.1.3.6. Responsibilities of the Committees Regarding the Reserve Funds. The MSA-CES Finance Committee and the MSA-CSS Finance Committee shall assume the following responsibilities with regard to the reserve fund of their respective Commission:

- a. Approve the use of reserve funds;
- b. Review the reserve fund balance on at least an annual basis;
- c. Report to the appropriate Commission at their regularly scheduled (or special) meetings income and expenditures of the reserve fund and the investment of such funds; and

- d. Ensure that all unused or unallocated revenue at the end of each fiscal year is returned to the appropriate Commission's reserve fund.

#### 7.1.4. INVESTMENTS

7.1.4.1. This policy establishes guidelines for establishing and managing the investment portfolios for the reserve funds of the Commission on Elementary Schools and the Commission on Secondary Schools.

7.1.4.2. Reserve funds are defined as expendable unrestricted net assets—the difference between unrestricted net assets and net investments in property and equipment.

7.1.4.3. Responsibilities of the Commissions' Committees.

- a. The Finance Committees of the Commission on Elementary Schools and the Commission on Secondary Schools will:
  - 1) Appoint an Investment Subcommittee of at least three members of the Finance Committee;
  - 2) Review and approve changes to the Commission's investment policy;
  - 3) Review the status of the Commission's investments on a periodic basis;
  - 4) Make decisions regarding investment strategies and vehicles for Commission's reserve funds;
  - 5) Report periodically to the Commission regarding investment strategies, vehicles, and results; and
  - 6) Ensure that all unused or unallocated money at the end of each fiscal year is invested according to this policy.
- b. The MSA-CES and/or MSA-CSS Investment Subcommittee(s) shall assume the following responsibilities with regard to investments:
  - 1) Review and recommend to the Finance Committee changes to the Commission's investment policy;
  - 2) Recommend to the Finance Committee investment strategies and vehicles for Commission's reserve funds;
  - 3) Review the status of the Commission's investments on a periodic basis;
  - 4) Report periodically to the Finance Committee on investment strategies, vehicles, and results;



7.1.4.4. Management of the Commissions' Investments. Management of the Commissions' investments is the responsibility of the President within the policy and guidelines approved by the Finance Committee.

7.1.4.5. Investment Vehicles. The Commissions' reserve funds may be invested in vehicles approved by the appropriate Finance Committee and may include investment through external programs and investment professionals operating in a manner consistent with this policy.

7.1.4.6. Investment Principles. Each Committee shall establish and obtain approval by its Finance Committee of an Investment Policy and Guideline(s), which shall provide direction to its Investment Committee for managing the investments. Such Investment Policy and Guideline(s) shall define investment objectives, choices (alternative vehicles), target asset mix(es), Performance Objectives and overall Guidelines.

## **7.1.5. AUDIT AND FINANCIAL RECORD KEEPING**

7.1.5.1. Audit and Management Letter.

- a. The President of the Commissions shall, annually, distribute audited financial statements and management letters for the Middle States Association and the Commissions on Elementary and Secondary Schools to the appropriate committees (MSA-CES Finance Committee; MSA-CSS Finance Committee) and to the full Commissions at their semi-annual meeting in the fall.
- b. The President shall have the authority to distribute the audit to other individuals or firms as requested or as deemed necessary by the President.

7.1.5.2. Loans Prohibited. The Commission on Elementary Schools and the Commission on Secondary Schools shall not make monetary loans to their employees or member institutions under any and all circumstances.

7.1.5.3. Mailing List Distribution and Sales Prohibited. The Commission on Elementary Schools and the Commission on Secondary Schools shall not distribute or sell its mailing lists.

## **7.0.6. INSURANCE**

7.1.6.1. Insurance policies are maintained by the Middle States Association of Colleges and Schools on behalf of the Commissions. These policies cover general liability, foreign liability and travel, crime insurance, accreditation insurance, workers' compensation and educators' liability.

7.1.6.2. Levels of Insurance. The Commissions shall maintain adequate levels of insurance against fire, theft, accident, liability, D & O, etc. The Association's Business Manager will bi-annually submit a written outline from the Association's insurance broker of the Association's insurance policies, including type of coverage, amount of coverage, broker's recommendations, etc., to the President.

7.1.6.3. Review of MSA's Insurance Coverage. The Commission on Elementary School's Finance Committee and the Commission on Secondary Schools' Finance Committee will conduct a comprehensive review of the types and limits of the Commissions' insurance coverage at least once every five years. The purpose of the review is to ensure that coverage and limitations adequately meet the needs of the Commissions and their staff.

## **7.1.7. GRANTS, DONATIONS, AND GIFTS**

7.1.7.1. The Commissions encourage and support the President in the quest for funds or in-kind donations available for special programs from various types of grants, donations, or gifts. However, the Commissions reserve the right to determine whether they will accept grants, donations, or gifts to which any significant conditions are attached.

7.1.7.2. The Commission on Secondary Schools does not respond to solicitations from member institutions.

## **7.1.8. CONTRACTUAL RELATIONSHIPS**

7.1.8.1. Approval of Contracts, The President shall have the authority to negotiate and approve contracts for all normal operating expenses that are within the limits of the approved budget. Extraordinary and/or emergency expenses that exceed authorized budget limits shall first be approved by the MSA-CES Finance Committee and/or the MSA-CSS Finance Committee, as appropriate.

7.1.8.2. Bids and Quotation Requirements. The President shall ensure that quality merchandise and services are provided as economically as possible. In awarding contracts, the President shall adhere to the intent of the following regulations:

- a. Expenditures of funds for equipment, materials, and services with a value up to \$10,000 may be made without calling for quotations.
- b. Expenditures of funds for equipment, materials and, services with a value of \$10,000 or more and within the limits of the approved budget require at least three bids/quotations.
- c. Contractual and Honoraria Relationships with Regional Agents/Associates and Other Consultants. An agreement between the Commissions and Regional Agents/Associates and other consultants shall be signed by both parties prior to engagement and performance of duties. The agreement shall specify the duties to be performed and the remuneration to be provided by the Commissions.

Action	Date	Notes
Initial Adoption	May 9, 2012	Approved by the MSA-CES and MSA-CSS Finance Committees. The two Commissions had voted at their March 2012 meetings to give the Committees authority to approve this policy.
Revisions	April 4, 2014	Revision to 7.1.1.3. <u>Dues for Associate Business Members.</u>