



## Talking Points | RESERVES 06/30/2023

Chico State has prudently managed designated balances and reserves to meet campus strategic goals. In total, Chico State has \$212 million of one-time cash on hand. However, the vast majority of the campus reserves cannot be used for salaries or annual operating expenses because those funds are the proceeds of student fee-funded programs, required capital projects, restricted by state statute or are required spending on specific items from prior state budgets. Once we deduct these obligated funds, Chico State has just over \$50 million of true operating fund reserves for economic uncertainty.

### **Reserves Overview - \$212 million (one-time cash on hand)**

#### ***\$35.7M - Student Fee-Funded Programs***

These funds include a variety of programs that are funded by student fees and can only be spent on costs supported by these fees. Balances included are Health Services Fee \$3.8M, Health Facility Fee \$397K, Student Learning Fee \$825K, MBA Fee \$76K, Consolidated Course Fees \$264K, Instructionally Related Activities \$3.5M and AS/Student Union \$27M.

#### ***\$8.5M - Short-term Obligations***

These amounts are for open contracts and purchase orders \$2.5M, near-term debt service payments \$1.5M, and financial aid obligations \$4.5M.

#### ***\$27.8M - Funding Restricted by State Statute or the State Budget***

These funds accumulated in the short and long term, include housing, parking and professional and continuing education which can only be spent on these items. Funds for open contracts and purchase orders, annual debt service, building repairs and maintenance and capital projects for these programs are also included in the balances. Balances totaled \$17.5M for Housing, \$3.1M for Parking, and \$5.7M for Professional & Continuing Education. Lottery balances of \$1.5M are included in this section since the State legislature establishes the fiscal management of these funds.

#### ***\$607K - CSU Special Initiative Grants Balances and Reserves***

These funds include a variety of CSU funded special initiative grants and small external grants and contracts held for unique purposes. Programs such as: Basic Needs Partnership; Research, Scholarly & Creative Activities; STEM Mini Grant; CSU Program for Education & Research in Biotechnology (CSU PERB); CSU Council on Ocean Affairs, Science & Technology (COAST); COVID19; and Textbook Affordability.

#### ***\$4.1M – Catastrophic Events and Natural Disasters***

These funds are set-aside for costs associated with fires, floods, earthquakes and pandemics that are not covered by insurance.



### ***\$64.7M - Capital Infrastructure, Repairs and Maintenance***

These funds are amounts for constructing and maintaining Chico State facilities and infrastructure. In 2015, the State legislature shifted responsibility to pay for maintenance and construction of academic buildings to the CSU.

### ***\$19.3M – Divisional Programs and Obligations***

These funds include a variety of programs or designations such as: (1) CSU funding received for unique purposes like basic needs, mental health, foster youth, GI2025 and advancing equity initiatives; (2) student affairs departments such as orientation, STAR center and CCLC; (3) energy project funds; (4) cost recovery earmarked for buildings, maintenance and grounds; (5) VPAA college and support unit reserves; (6) funding set aside for capital campaign and campus identity and marking efforts; (7) funding set aside for tribal relations and EDI programming; and (8) CO funding for CalNAGPRA.

### ***\$51.1M – Reserve for economic uncertainty***

CSU's reserve policy and best practices recommend maintaining reserves of three to six months of the annual budget to ensure that operations can continue for an academic term when state appropriations are delayed during recessionary periods or when facing unexpected reductions. These balances represent two and half months of operation as Chico State spends approximately \$18M on a monthly basis for payroll and \$2M on operating expenditures.