

UR&P Community Referral

Topic: SDSU Reserves

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As part of UR&P's commitment to supporting budget communication and transparency, UR&P has started a new process by which SDSU community members both in and out of the Senate can [request additional information](#) relating to budget transparency and the budgeting process. This is a more informal but complementary process to the Senate referral process which is already an important role of UR&P.

UR&P was recently asked to look into the level of reserves that SDSU has had in recent years. This referral questioned reserve levels at SDSU based on a 2017/2018 CSU system-wide audit report. Reserves are funds SDSU sets aside each year to deal with economic uncertainty or emergencies. As an SDSU University committee, we focused our attention solely on reserve levels at SDSU rather than system-wide at the CSU.

To gather the best available information, we consulted the [CSU Financial Transparency Portal](#) and the [SDSU Budget Transparency Portal](#). We focused on the past five Fiscal Years (FY).

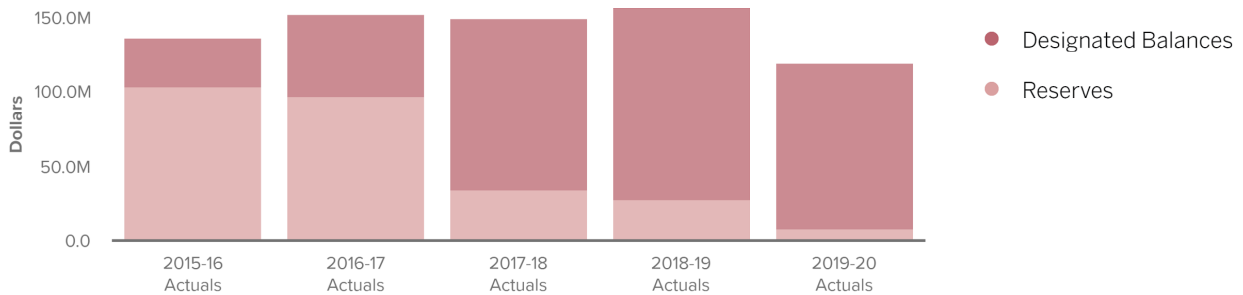
Using this information, we identified SDSU's annual operating fund revenues across this time period. On the [CSU Portal](#), the operating fund is disaggregated by Designated Balances (encumbered and committed funds for short-term obligations, capital infrastructure and catastrophic events) and Reserves (uncommitted funds) for each academic year.

As shown in Table 1, as well as the chart below, SDSU Reserves dropped from about \$104M in FY15-16 to \$8.5M in FY19-20. This reduction in reserve balances resulted from a combination of factors including spending down Reserves, as well as accounting improvements in how Designated Balances and Reserves are classified and reported. The [CSU Designated Balances and Reserves policy](#) was implemented in 2015 and has evolved year over year with improved guidance and direction to the campuses resulting in more accurate reporting of Designated Balances and Reserves for SDSU and the CSU as a whole.

More information on the breakdown of the Designated Balances can be found at [CSU Financial Transparency Portal](#).

Expand All	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals
▶ Designated Balances	\$ 32,660,594	\$ 54,842,595	\$ 115,412,424	\$ 128,215,201	\$ 111,494,459
▶ Reserves	104,078,528	97,283,230	34,246,726	28,041,808	8,552,393
Total	\$ 136,739,122	\$ 152,125,825	\$ 149,659,150	\$ 156,257,010	\$ 120,046,852

Table 1. Publicly available data on SDSU's Designated Balances and Reserves.



We compared the information on the CSU site with SDSU's [Budget Transparency Portal](#). The operating fund's Designated Balances and Reserves were available for each Division for FY18-19 and FY19-20 as shown in Table 2.

	FY 2018-2019			FY 2019-2020		
	Designated Balance	Reserve	Total	Designated Balance	Reserve	Total
Acad Affairs	58.50	8.01	66.51	42.62	8.09	50.71
Institutional	38.75	14.01	52.76	32.13	-5.26	26.87
BFA	14.19	1.73	15.92	15.36	0.78	16.14
Student Aff.	7.95	2.45	10.40	7.84	3.82	11.66
Finan. Aid	6.40	0	6.40	6.92	0	6.92
ITS	1.89	0.92	2.81	5.38	0.79	6.62
Pres Office	0.20	0.99	1.19	0.79	0.30	1.09
URAD	0.29	-0.07	0.22	0.45	0.03	0.48
Athletics	0.05	0	0.05	0	0	0
TOTALS	128.22	28.04	156.26	111.49	8.55	120.04

Table 2. SDSU's Designated Balance and Reserves by Division for Fiscal Year (FY) 2018/19 and 2019/20 taken from the [Budget Transparency Portal](#)

How have Reserves been used to deal with recent budget shortfalls?

Reserves have played and continue to play a critical role in the SDSU budget process. For example, in FY 2020/21, our preliminary budget included a projected \$67M budget gap due to a

\$35M reduction in state funding and unfunded mandatory cost increases, \$19M in anticipated COVID-19 expenses, and a projected \$13M reduction in tuition revenue. In order to meet the \$67M budget gap, SDSU implemented one time solutions that relied on the planned use of \$31.8M from both Designated Balances and Reserves from across the Divisions, along with implementing a hiring chill, delaying capital expenditures, and reducing allocations of one-time funds.

In Spring 2020, SDSU began rolling out an enhanced budgeting/accounting structure to more easily track base (ongoing/recurring) and one-time (non-recurring) spending within the universities financial systems. This process will help Divisions report and manage planned uses of Designated Balances and Reserves for current and future year uses. The Division of Budget & Financial Affairs is currently conducting mid-year reviews of Designated Balances and Reserves with each of the Divisions.