

Policy and Procedures Manual

SUBJECT: BUDGET AND FINANCE

Policy 205: CSUS Board Strategic Investment Fund Policy

Board Policy

Pursuant to Colorado law, the Board has exclusive control over all funds of and appropriated to any institution that it governs under Colorado Constitution, Article VIII, Section 5, and C.R.S. § 23-30-106. This policy sets forth the process, method of calculation, and potential use of certain reserves by the Board, the CSUS and its institutions.

Purpose of the Reserves

The purpose of maintaining reserves is to ensure the financial health and stability of each institution within the CSUS, as well as the CSUS as a whole, and to provide an additional measurement of the fiscal condition of the CSUS and its institutions. Reserve levels beyond that needed to maintain its fiscal condition may be deployed to meet the strategic initiatives of the System. Generally, there are three primary and strategic areas of focus for the utilization of reserves:

1. **Fiscal and Fiduciary Responsibility** – Ensuring the financial integrity of its institutions. Examples include, but are not limited to, addressing revenue shortfalls or extraordinary expenditures;
2. **Enhance the Essentials** – Providing resources to improve existing programs, tools, systems, and activities that are essential. Examples include, but are not limited to, start-ups, seed capital, bridge funding to base and reducing outstanding debt; and
3. **Transformational Investments** - To provide resources to invest in opportunities that arise that are transformational. Examples include, but are not limited to, the establishment of a signature program, such as a medical school, or an extraordinary investment in Academy level faculty.

Reserves should not be utilized to backfill expected on-going shortfalls in revenue unless a plan exists to either increase the respective revenue stream or reduce related expenses. The use of reserves is appropriate to assist with timing issues, but should not be relied upon for the support of on-going expenditures. The reserves also provide operational flexibility to allow for strategic-related risks and to respond to changes within the environment. Through these reserves, the CSUS will be able to better manage financial challenges, enhance existing programs and invest in strategic initiatives and opportunities.

Strategic Investment Fund Description and Procedures

The Board approves an annual program of commitments from the Strategic Investment Fund (SIF). The SIF reflects a restructuring of the former "Board Reserves for Strategic Deployment" or "Board Reserves."

For Fiscal Year 2024-25 through Fiscal Year 2028-29, the Board intends to annually adopt a budget for commitments from the SIF. These commitments are identified during the annual budgeting process.

For the same time period, revenues to the SIF include interest earnings from Tier 2 investments in the Colorado State University Treasury and revenues above expenses and 30 days of Cash on Hand at CSU Global Campus. Additional revenues to the SIF may be identified by the Chancellor during the year from other funding sources in coordination with Campus presidents.

Under the supervision of the Chancellor of the CSUS, accounting and budgeting for the SIF and related commitments are directed by the CFO of the CSUS in collaboration with the Vice President of University Operations and the Controller at CSU Fort Collins. As part of the budgeting cycle, the CFO of the CSUS will coordinate with CSU Global Campus' leadership on revenue and expense projections.

History

- Policy and Procedures Manual effective October 4, 2013 by Board Resolution
- Amended May 6, 2016 by Board Resolution
- Amended October 6, 2016 by Board Resolution
- Amended August 2, 2017 by Board Resolution
- Amended August 9, 2018 by Board Resolution
- Amended May 2, 2024, by Board Resolution