



University of Colorado **Denver**



CU IN THE CITY



CU Denver CACB

Administration and Finance

Budget Office

Updated 4/13/2022

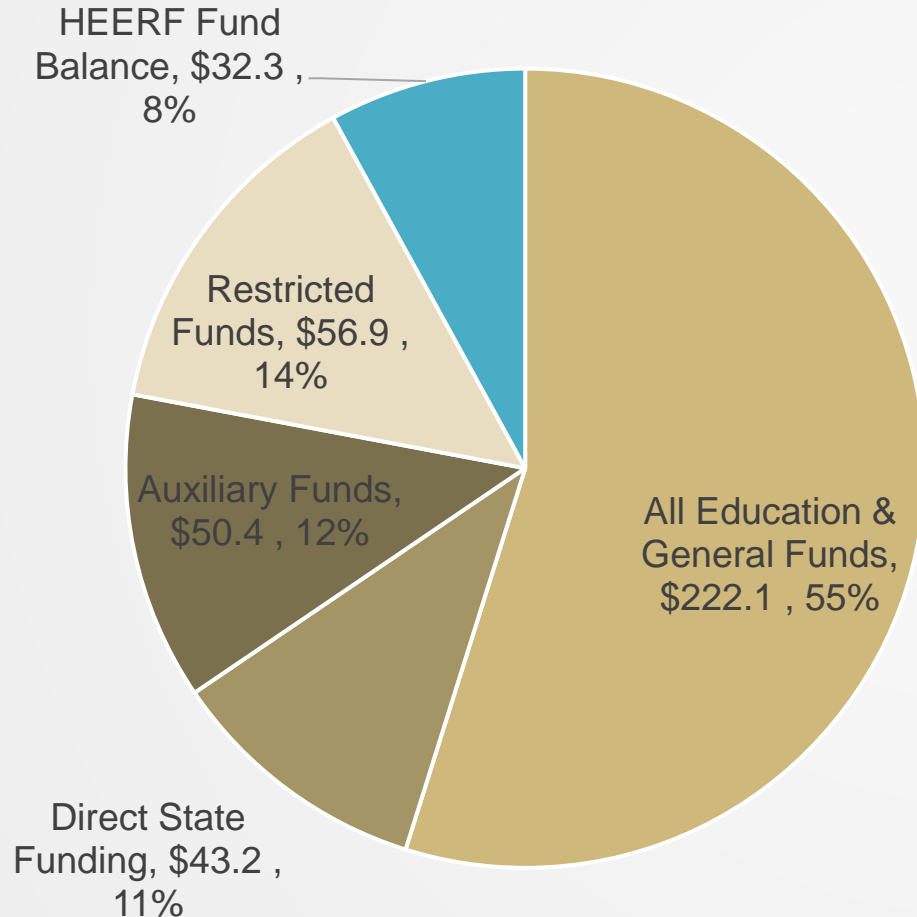
CU DENVER Agenda

- April 2022 Board of Regents
- FY 2022-23 Budget Model Inputs
- Multi-year Budget Planning
- Discussion



Where does our money come from?

FY 2021-22 Sources of Revenue (Millions)



Unrestricted General Fund

- Main Campus UG and Grad Tuition (aka, D1)

Auxiliary and Self-Funded Activities

- Extended Studies (D2)
- Continuing Education for non-credit (D3)
- Housing and Wellness Center

Restricted Funds

- Financial Aid
- Sponsored project awards (e.g., grants, contracts from businesses, foundations, and federal or state government agencies)
- Gifts
- Other Federal Aid (e.g., CARES ACT, HEERF)

Tuition, Fee, and Compensation Approvals

- ▶ 2% Tuition Rates (CU Denver, UCCS, CU Anschutz)
- ▶ Mandatory fees into tuition
- ▶ Classified employee compensation 3.0% effective July 1, 2022
- ▶ Non-classified and faculty 3.0% effective January 1, 2023

CU Denver FY 2022-23 Enrollment Projections

- ▶ Overall decrease of 1.3 percent in enrollment for FY 2022-23
- ▶ Undergraduate enrollment is projected to decline by 2.7 percent
 - New freshmen are anticipated to remain around fall 2021 levels
 - New transfers are expected to decrease given weakness in community college enrollment
 - Continuing undergraduates are projected to decline given the enrollment decreases experienced since fall 2020
- ▶ Graduate enrollment is projected to increase by 1.7 percent due to enrollment growth experienced since fall 2020

CU Denver FY 2022-23 Budget Highlights

- ▶ Recognizing an ever-increasing reliance on tuition revenue along with market pressure on tuition rates, CU Denver plans minimal tuition increases:
 - Increase to convert fees to tuition.
 - Market adjustment to select resident graduate tuition rates to better align with Colorado, regional, and peer institutions.
- ▶ Estimated mandatory cost increases (including HLD, Denver minimum wage, and AHEC) plus the unfunded FY 2021-22 compensation increases exceed the anticipated revenue growth resulting in a general operating budget shortfall.
- ▶ Continued investment in Affordability & Access by increasing Institutional Financial Aid to keep pace with tuition and fee rate changes.

CU Denver Expenditures, FY 2022-23

| Expenses | FY 2021-22 Adjusted Budget* | FY 2022-23 Recommendation | |
|--|-----------------------------|---------------------------|-------------|
| | | \$ Change | % Change |
| Operating Expense | | | |
| Compensation | | | |
| Salary Faculty and Graduate Students | \$64,115,464 | \$3,221,730 | 5.0% |
| Salary Exempt | \$47,147,273 | \$1,994,640 | 4.2% |
| Salary Classified and Hourly | \$7,836,565 | \$341,100 | 4.4% |
| Benefits - Faculty and Exempt | \$33,722,118 | \$3,292,720 | 9.8% |
| Benefits - Classified & Staff Tuition Waiver | \$4,431,600 | \$211,690 | 4.8% |
| Mandatory Transfers/Other | \$7,464,494 | \$3,235,000 | 43.3% |
| Institutional Financial Aid | \$15,073,143 | \$0 | 0.0% |
| General Operating** | \$31,934,353 | (\$676,106) | -2.1% |
| Library Expense | \$3,434,533 | \$0 | 0.0% |
| Utilities | \$862,111 | \$0 | 0.0% |
| ICCA*** | \$7,286,293 | \$1,008,366 | 13.8% |
| Insurance | \$1,053,065 | \$21,861 | 2.1% |
| Operating Expense Total | \$224,361,012 | \$9,645,863 | 4.3% |

*FY 2021-22 adjusted budget reflects compensation approved by BOR in November 2021.

**Campus may utilize one-time reserves in FY 2022-23 to partially mitigate operating reductions while implementing a multi-year budget realignment process.

***FY 2022-23 ICCA adjustment only reflects increases from revised base adjustment of \$3.0 million approved by the Board.

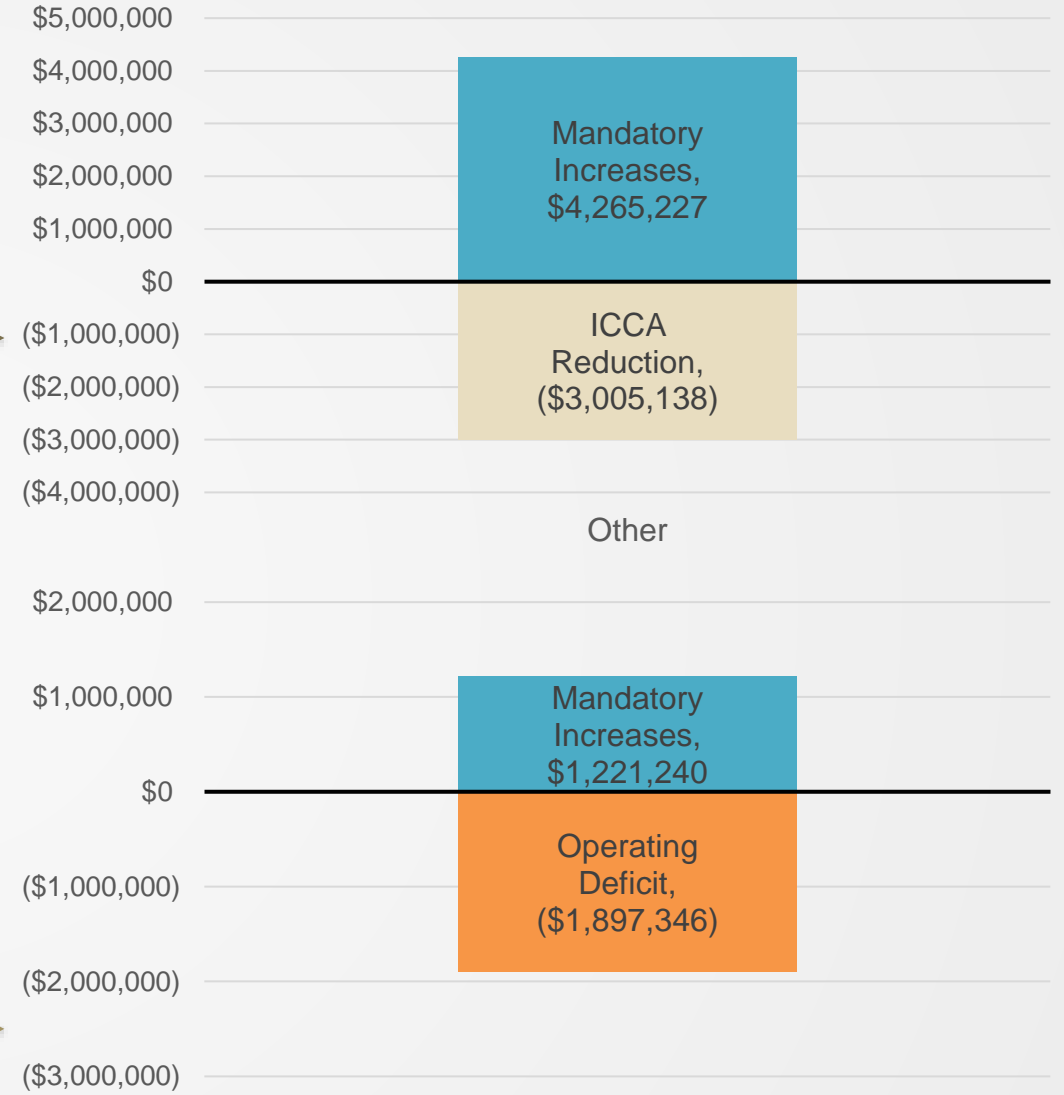
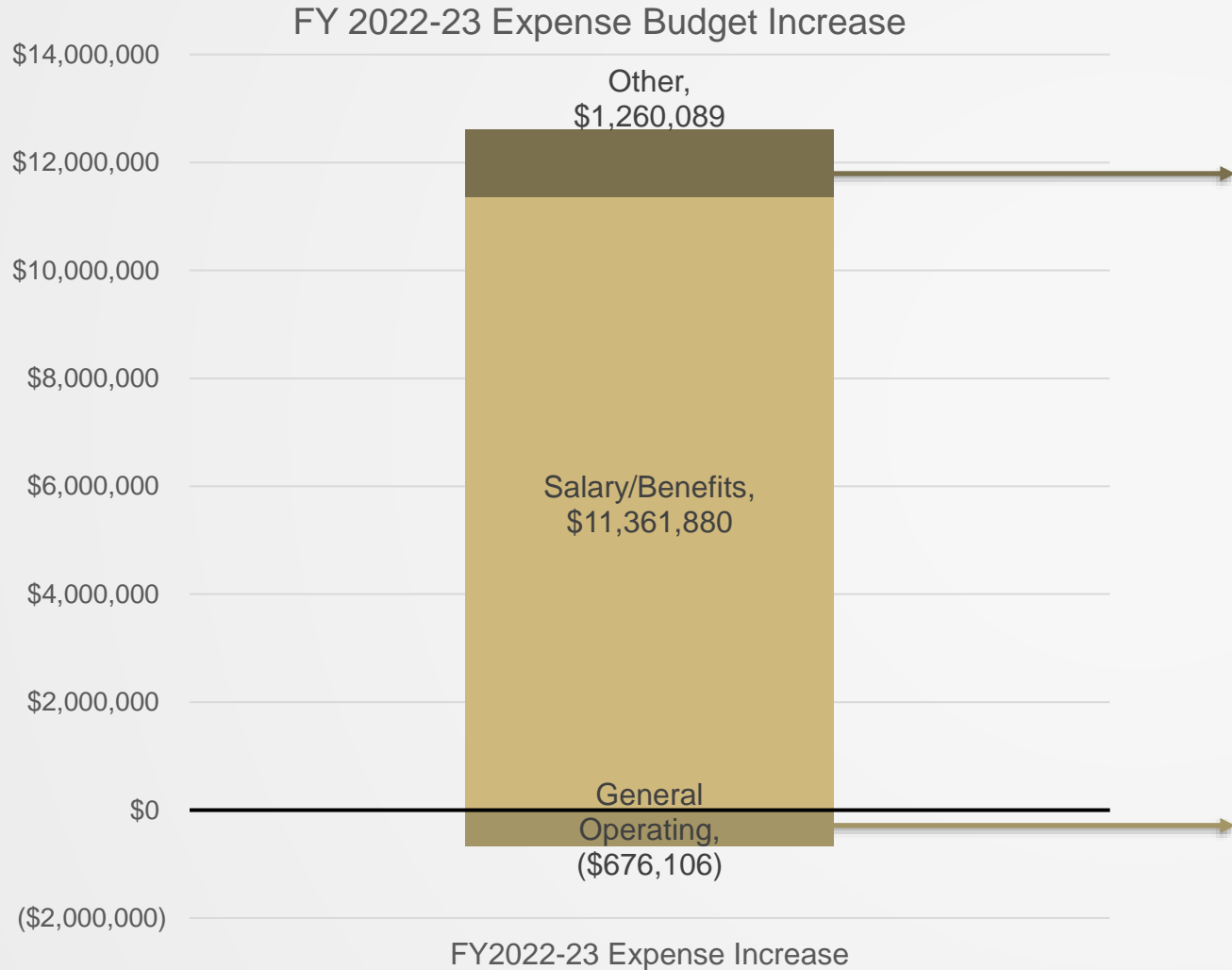
CU Denver Expenditures, FY 2022-23 (cont.)

| Expenses | FY 2021-22 Adjusted Budget* | FY 2022-23 | |
|-------------------------------|-----------------------------|--------------------|-------------|
| | | Recommendation | |
| Operating Expense | | \$ Change | % Change |
| Campus Initiatives | | | |
| Financial Aid | | \$242,000 | |
| Total Estimated Budget | | \$9,887,863 | 4.4% |

CU Denver FY 2022-23 Fee Detail

| Fee Name | Charge Frequency ⁽¹⁾ | FY 2022 Current Rate | FY 2023 Proposed Rate | Dollar Change | Percent Change |
|--|---------------------------------|----------------------|-----------------------|---------------|----------------|
| <i>Student Activity Fees</i> | | | | | |
| Auraria Campus Fee | Per Semester | \$114.92 | \$120.20 | \$5.28 | 4.6% |
| Information Technology Fee | Per Credit Hour | \$12.00 | \$0.00 | (\$12.00) | -100.0% |
| Student Information System Fee | Per Credit Hour | \$2.00 | \$0.00 | (\$2.00) | -100.0% |
| <i>Housing and Dining Rates</i> | | | | | |
| Standard Double | Per Semester | \$4,685.00 | \$4,825.00 | \$140.00 | 3.0% |
| Standard Meal Plan | Per Semester | \$2,091.00 | \$2,175.00 | \$84.00 | 4.0% |

FY 2022-23 Expense Increase

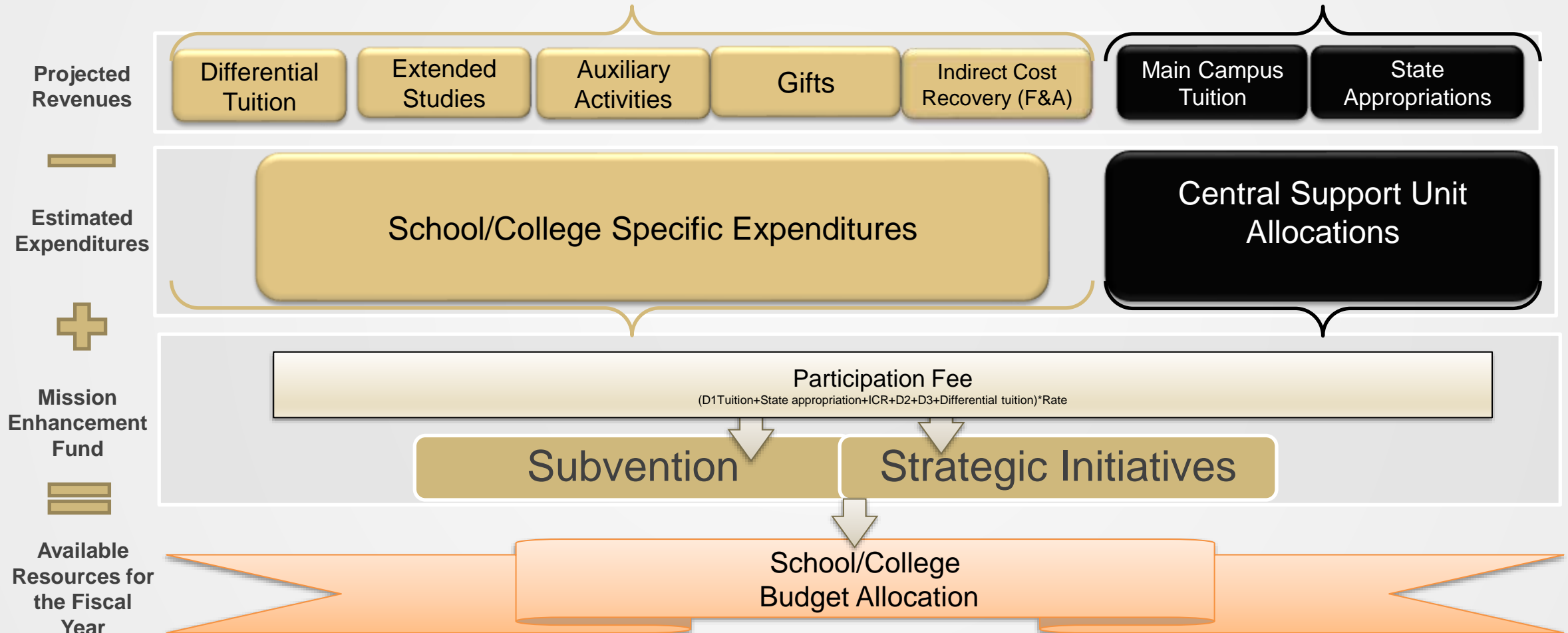


General Operating

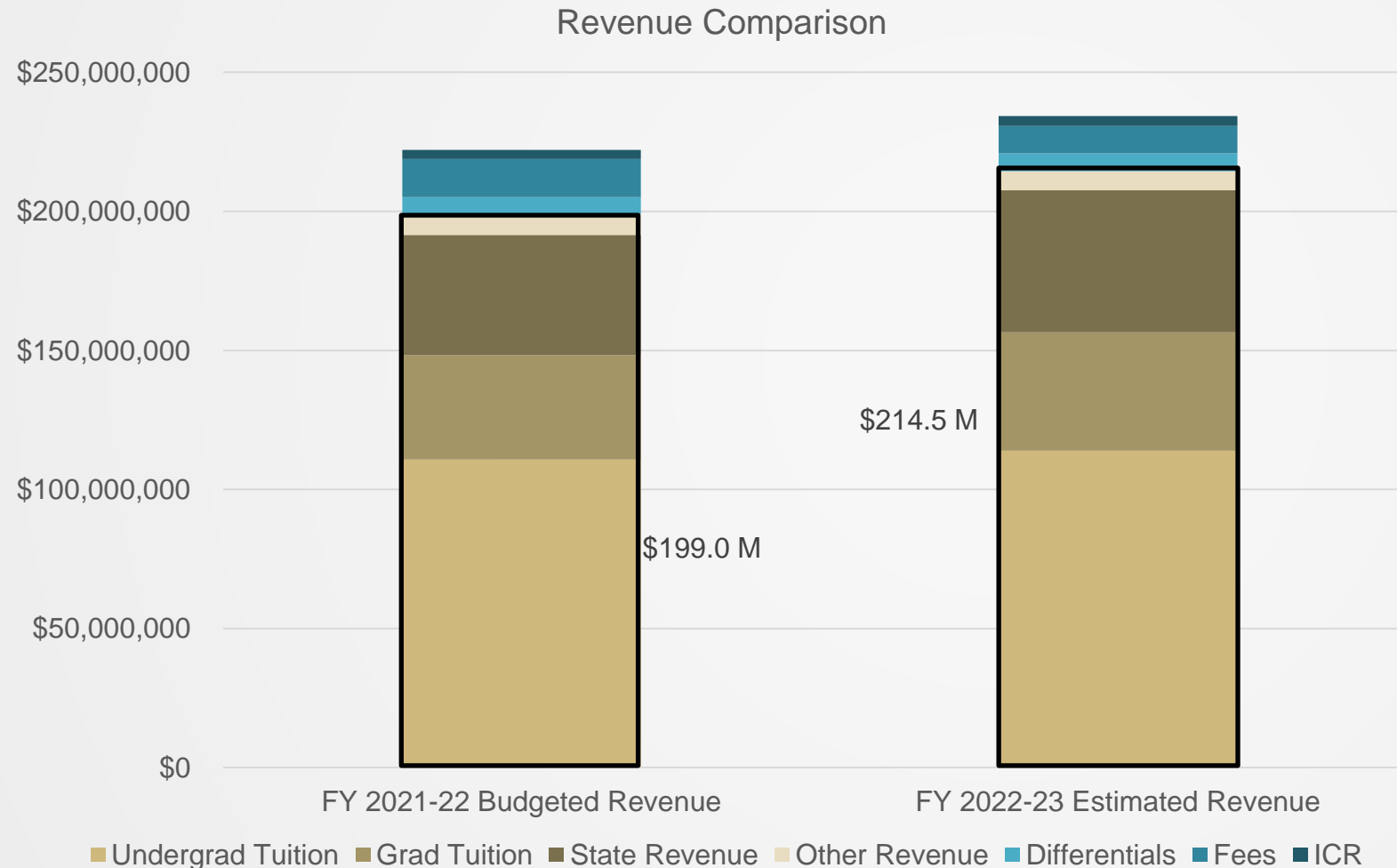
Incentive Based Budget Model

100% to Assigned School/College

Allocated via metrics



Incentive Based Budget Model



- ▶ Allocable revenue in FY 2022-23 is \$214.5M
- ▶ This is an increase from FY 2021-22 total of \$199.0M
 - \$8.2M increase in tuition
 - \$7.9M increase in state funding

Driving Change: FY 2022-23 Budget Model Allocation Metrics

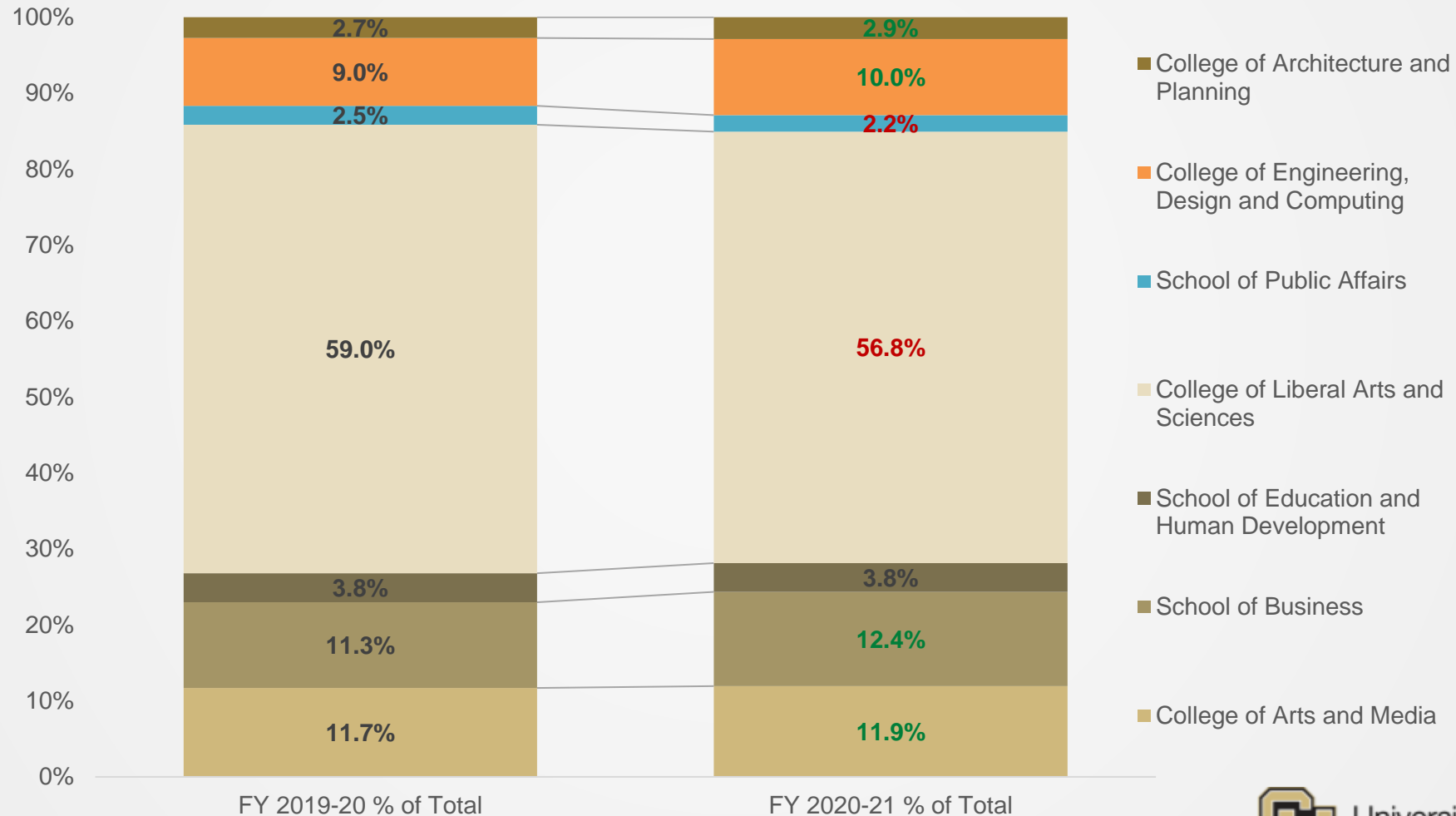
| Undergraduate Student Credit Hours (SCH) -- Instruction | | | | |
|---|----------------|----------------|-----------------|--------------|
| Unit | FY 2019-20 | FY 2020-21 | Change in Count | % Change |
| College of Arts and Media | 32,881 | 31,637 | (1,244) | -3.8% |
| School of Business | 31,796 | 32,838 | 1,042 | 3.3% |
| School of Education and Human Development | 10,773 | 10,056 | (717) | -6.7% |
| College of Liberal Arts and Sciences | 166,231 | 150,521 | (15,710) | -9.5% |
| School of Public Affairs | 6,917 | 5,776 | (1,141) | -16.5% |
| College of Engineering, Design and Computing | 25,221 | 26,572 | 1,351 | 5.4% |
| College of Architecture and Planning | 7,690 | 7,611 | (79) | -1.0% |
| Total | 281,509 | 265,011 | (16,498) | -5.9% |

Total Undergraduate Student Credit Hours decreased by -5.9%. Units with less growth will see a decrease in their share.



Driving Change: FY 2022-23 Budget Model Allocation Metrics

Undergraduate Credit Hours by Instruction- Comparison of Shares



Driving Change: FY 2022-23 Budget Model Allocation Metrics

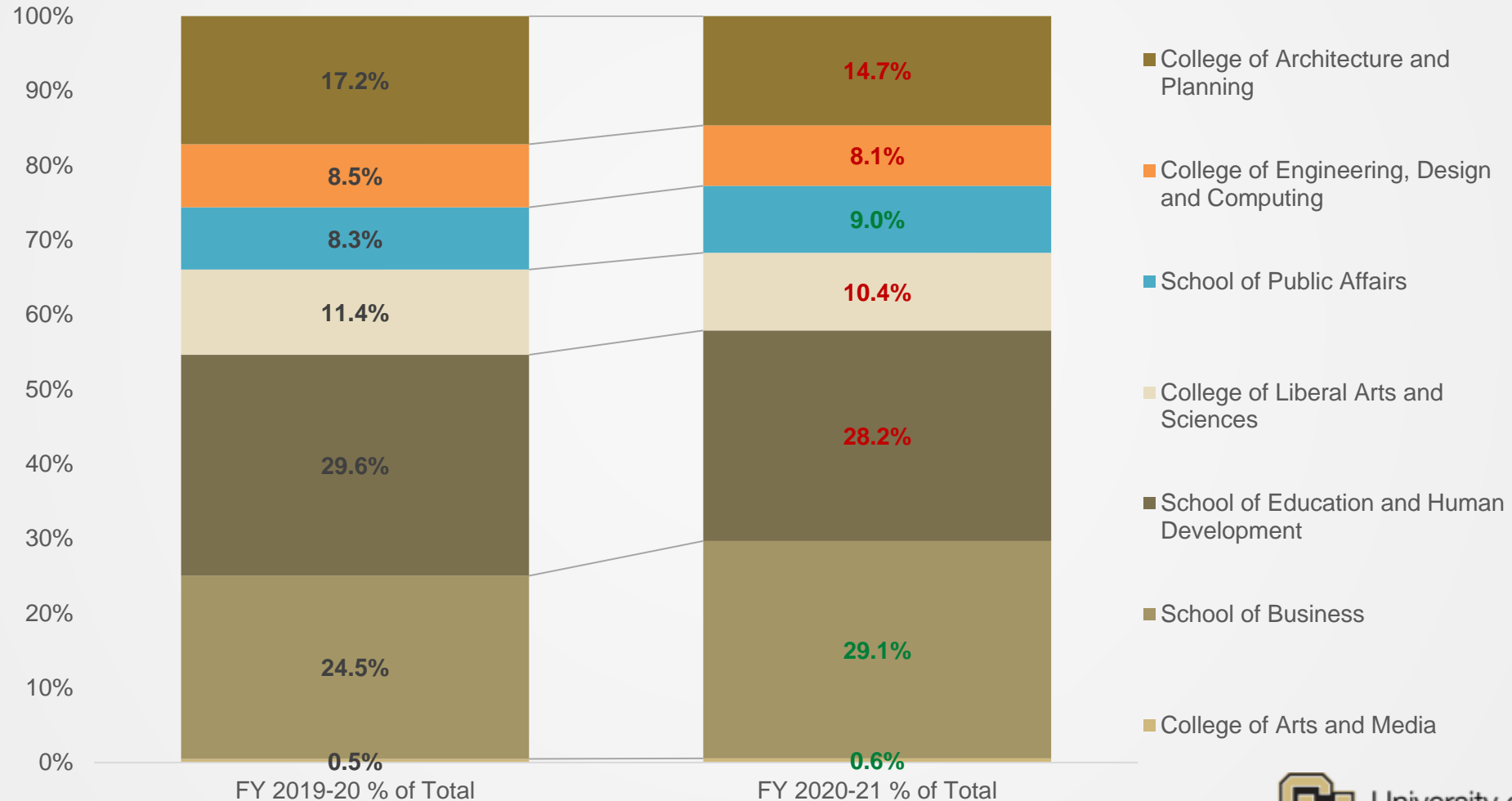
| Graduate Student Credit Hours (SCH) -- Record | | | | |
|---|---------------|---------------|-----------------|--------------|
| Unit | FY 2019-20 | FY 2020-21 | Change in Count | % Change |
| College of Arts and Media | 283 | 362 | 79 | 27.9% |
| School of Business | 14,464 | 18,920 | 4,456 | 30.8% |
| School of Education and Human Development | 17,447 | 18,343 | 896 | 5.1% |
| College of Liberal Arts and Sciences | 6,733 | 6,757 | 24 | 0.3% |
| School of Public Affairs | 4,918 | 5,832 | 914 | 18.6% |
| College of Engineering, Design and Computing | 4,983 | 5,271 | 288 | 5.8% |
| College of Architecture and Planning | 10,119 | 9,525 | (594) | -5.9% |
| Total | 58,947 | 65,009 | 6,062 | 10.3% |

Total Graduate Student Credit Hours grew by 10.3%. Units with less growth will see a decrease in their share.



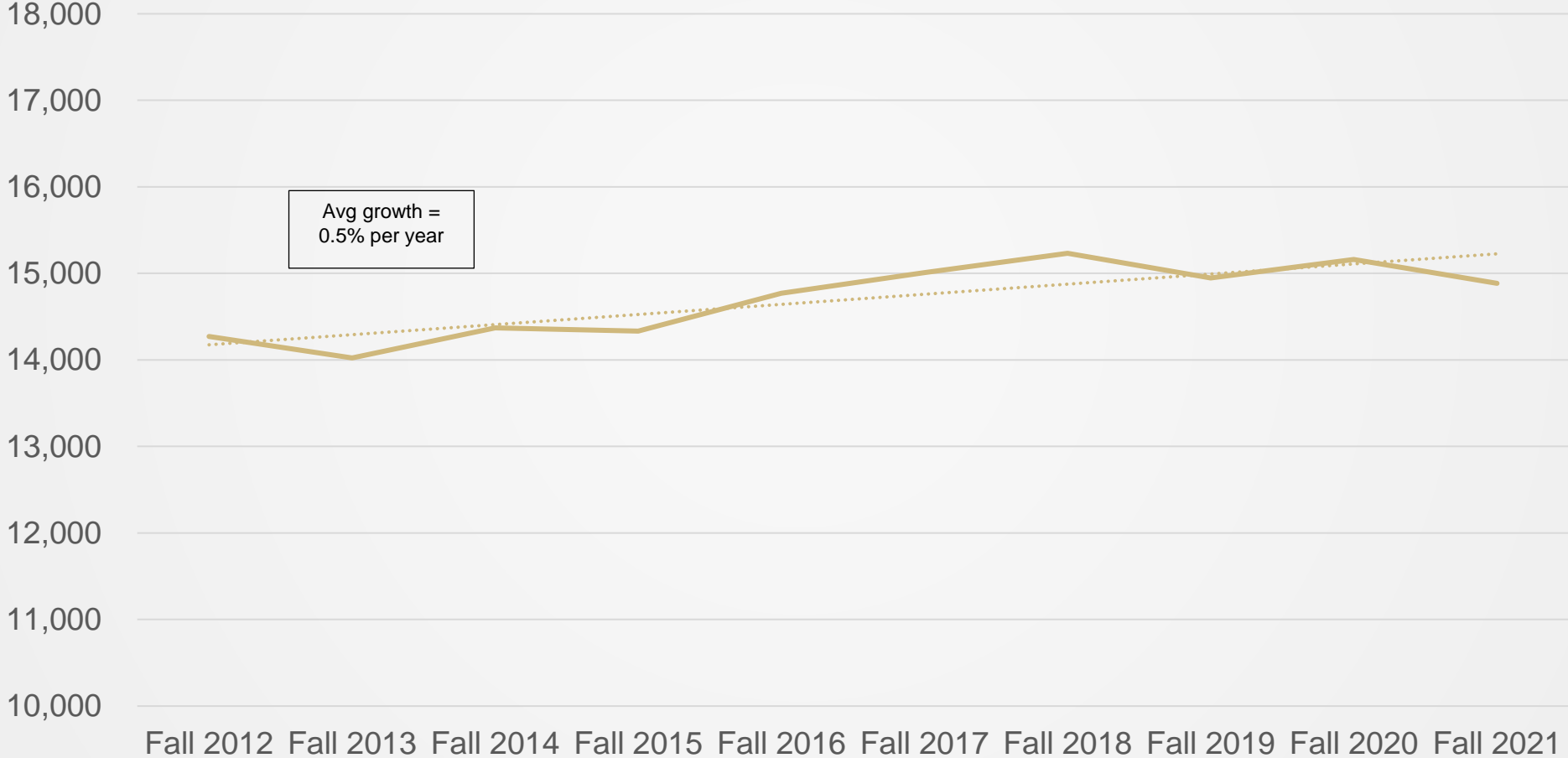
Driving Change: FY 2022-23 Budget Model Allocation Metrics

Graduate Credit Hours by Record- Comparison of Shares



CU Denver Enrollment Trends

Denver Campus Enrollment

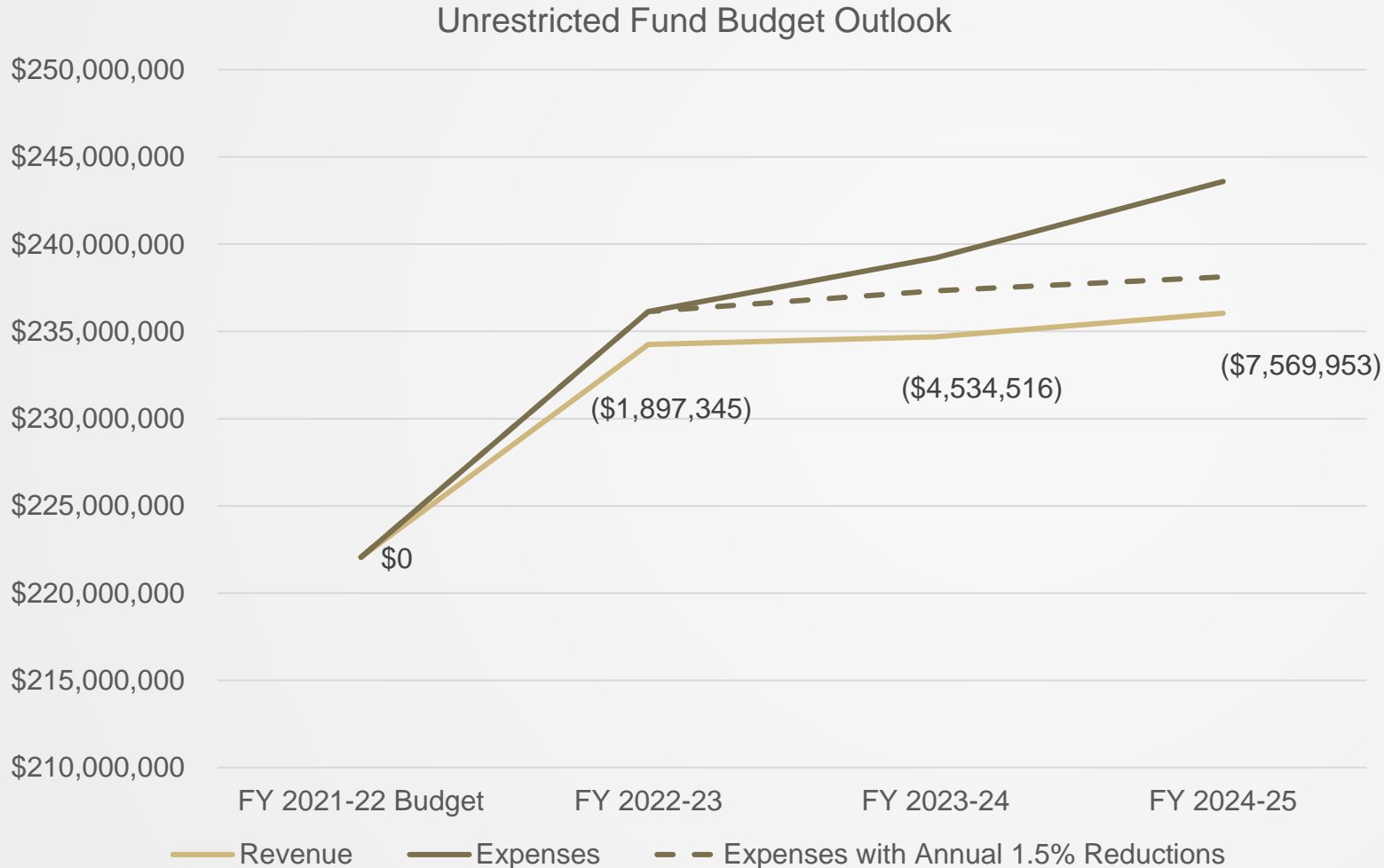


Next Steps- Budget Model

- ▶ Budget Office is recommending changes to tuition metrics
 - Recommendations will be presented to the Deans
 - Executive Team will make decision early next week

- ▶ Meet individually with Deans to review initial budget model allocations next week

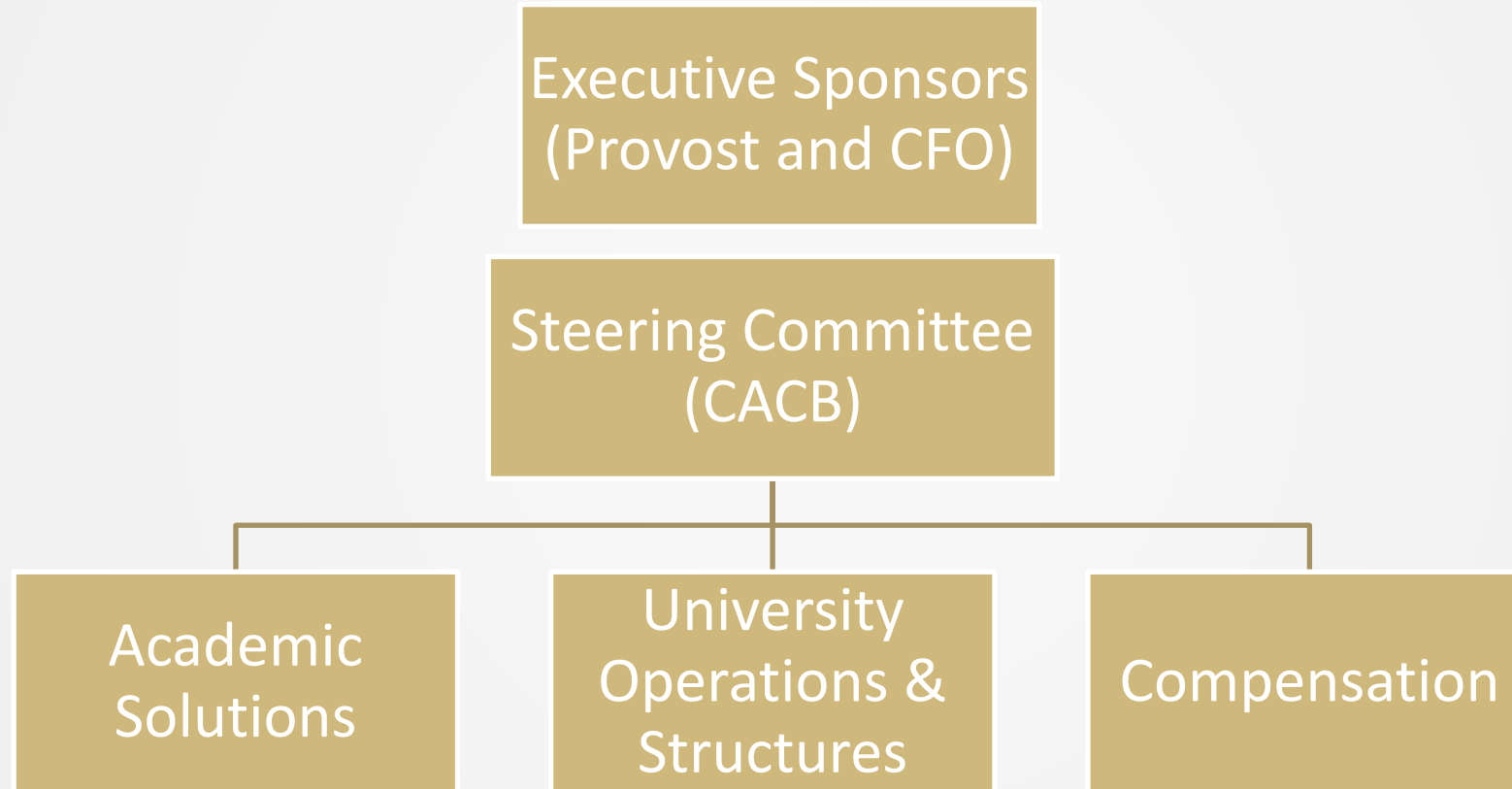
Revenue and Expense Looking Forward



- ▶ Based on the current enrollment forecast, our revenue picture is challenging in the near future
 - This outlook scenario assumes 1% tuition and 4% state funding increases

- ▶ Expenses will continue to grow by at least mandatory increases, leading to further budget pressure
 - This scenario includes no compensation increases

Multi-year Budget Reduction and Realignment Process



CACB Next Steps

- ▶ Over the next month, work will be done by the Executive Sponsors to identify:
 - Membership of subgroups
 - Timeline and deliverables
 - Budget Reduction Principals

- ▶ Next CACB meeting will be scheduled in May 2022
 - Multi-year Budget Reduction and Realignment Process update
 - FY 2022-23 one-time budget requests

- ▶ Examples of campus-wide budget principles are on the following slides for consideration

Budget Model Guiding Principals

1

Develop a flexible budget model that aligns financial resources with campus vision, mission, and strategic priorities as a student-centered, urban-serving research university

2

Ensure and support continuous improvement in academic quality, scholarship, and student success

3

While promoting fiscal responsibility and financial sustainability, provide a simple, predictable, and transparent methodology for allocating resources and managing associated costs

4

Building on the strengths of CU Denver, include incentives for achieving growth, efficiency, effectiveness, innovation, and entrepreneurship

5

Reflect a shared commitment for the fiscal health of the campus and promote collaboration and accountability across all academic and administrative units

COVID Budget Reduction Principles

Balance the use of one-time and permanent actions

Budget reductions must be strategic in nature


Reflect a shared commitment for the fiscal health of the campus- this burden should be shared

Utilize the incentive based budget model process

Consideration given to managing post pandemic operations

Consideration given to maintaining healthcare benefits for employees

Strategic Planning and Budget Calendar

| | July | August | Sept. | October | Nov. | Dec. | January | Feb | March | April | May | June |
|--------------------------------|------|-------------------------------------|------------------------------------|--|---|---|---|--|--|---|-----|---|
| Strategic Planning | | Offsite strategic planning meetings | Strategic Plan Funding discussions | Strategic Plan funding decisions finalized | | | | | |  | | |
| FY 2022-23 Budget Cycle | | | Budget cycle kickoff | | Budget templates released; Fee requests due | Budget templates due; Initial Global Budget Assumptions | Unrestricted Fund Budget Submission (Tuition, Fees, Comp) | Initial budget model review | Finalize Central Support Unit budgets; Strategic initiatives discussions | Strategic Initiatives decisions; Budget allocations finalized | | |
| Other | | | Fall census; Jan 1 salary decision | | Salary setting (if necessary) | | | BOR: 1 st Meeting on Budget, Tuition and Fees | Auxiliary budget projections due | BOR: 2 nd Meeting on Budget Tuition and Salary Pool | | BOR: 3 rd Meeting on Budget BOR acts on Budget |



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Discussion