

April 30, 2010

## UNC Continues to Prepare for Budget 'Cliff' Planning Discussed During Trustees' Committee Meeting

The University of Northern Colorado is taking a multi-pronged approach in planning for what's become known as the budget cliff — when federal stimulus funds run out in 2011-12.

Plans to maintain and build reserves over the next three fiscal years and proposed 2010-11 rates for tuition, fees, room and board were discussed during the UNC Board of Trustees' finance and audit committee meeting Thursday, April 29.

The board will vote on the proposed rate structure at a special meeting to be scheduled in early May.

The university continues building a cliff reserve to smooth out the effects of the anticipated reductions in 2011-12 when federal stimulus funding, which to this point has backfilled state reductions to higher education, goes away.

In the current fiscal year, the university received \$23.6 million in federal stimulus funds and \$20.5 million in state funds totaling \$44.1 million — which represents about 25 percent of the university's operating budget. Next year's total in state and federal stimulus funds is projected to be \$3.5 million less and three-year projections of revenue and expenses have identified a possible gap of \$16 million between expenses and revenue in 2012-13.

UNC budget leaders have already identified \$6.6 million of \$14 million targeted for a cliff reserve. The total cliff reserve is addition to the university's \$8 million in one-time reserves, which are part of the normal budget process — some of it mandatory to comply with bond requirements and risk management protocol. The one-time reserve also includes an additional \$5 million contingency that's being built to address the greater financial uncertainty.

The way the cliff reserve is being built involves a combination of unallocated revenue and reductions in expenses that have been set aside, including:

### Personnel (\$2.1 million)

- Staff accepting voluntary separation agreements
- Eliminated, reduced and reallocated employee positions
- No employees salary increases through 2010-11
- State-mandated reductions to retirement contributions of PERA employees

### Utility savings (\$1 million)

- Expecting a \$1 million in savings from the current fiscal year

Revenue (\$3.6 million)

- Projected from increases in enrollment and tuition

The planning to date sets the stage for a multi-year financial plan that will be presented to the board this fall.

Meanwhile, next year's proposed tuition, room and board adjustments are pending board approval. The proposed base increase in undergraduate tuition is 9 percent (or \$384 annually for resident students and \$1,320 annually for a non-residents), and the proposed base increase for graduate students is 15 percent. The proposed average increase in room and board rates is 7 percent and the amount varies based on the residence hall and meal plan selected.