

UNIVERSITY OF
NORTHERN COLORADO

BOARD OF TRUSTEES AGENDA ITEM

Meeting Date: April 19, 2018

☐ Action Item ☒ Discussion Item ☐ Information Item

Name of Item: **FY19 Budget Work**

Responsible Staff Member: Michelle Quinn

Summary of Issues:

As a follow-up to the Board's March 1 & 2 working session and meeting, We will discuss discounting, cash reserves and work underway to minimize deficit spending in 2018-19

Recommended Action by BOT: ☐ Approval ☒ No Action Needed

Change to Board Policy Manual: ☐ Approval ☒ No Action Needed

If yes, Section:

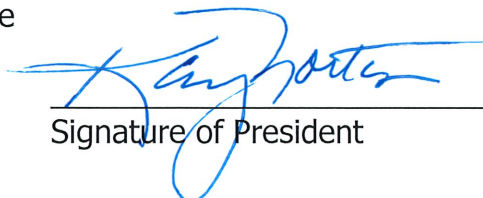
Administrative Recommendation (Motion):



Signature of Vice President

4/13/18

Date



Signature of President

4-16-18

Date



FY19 Budget Work

Board of Trustees

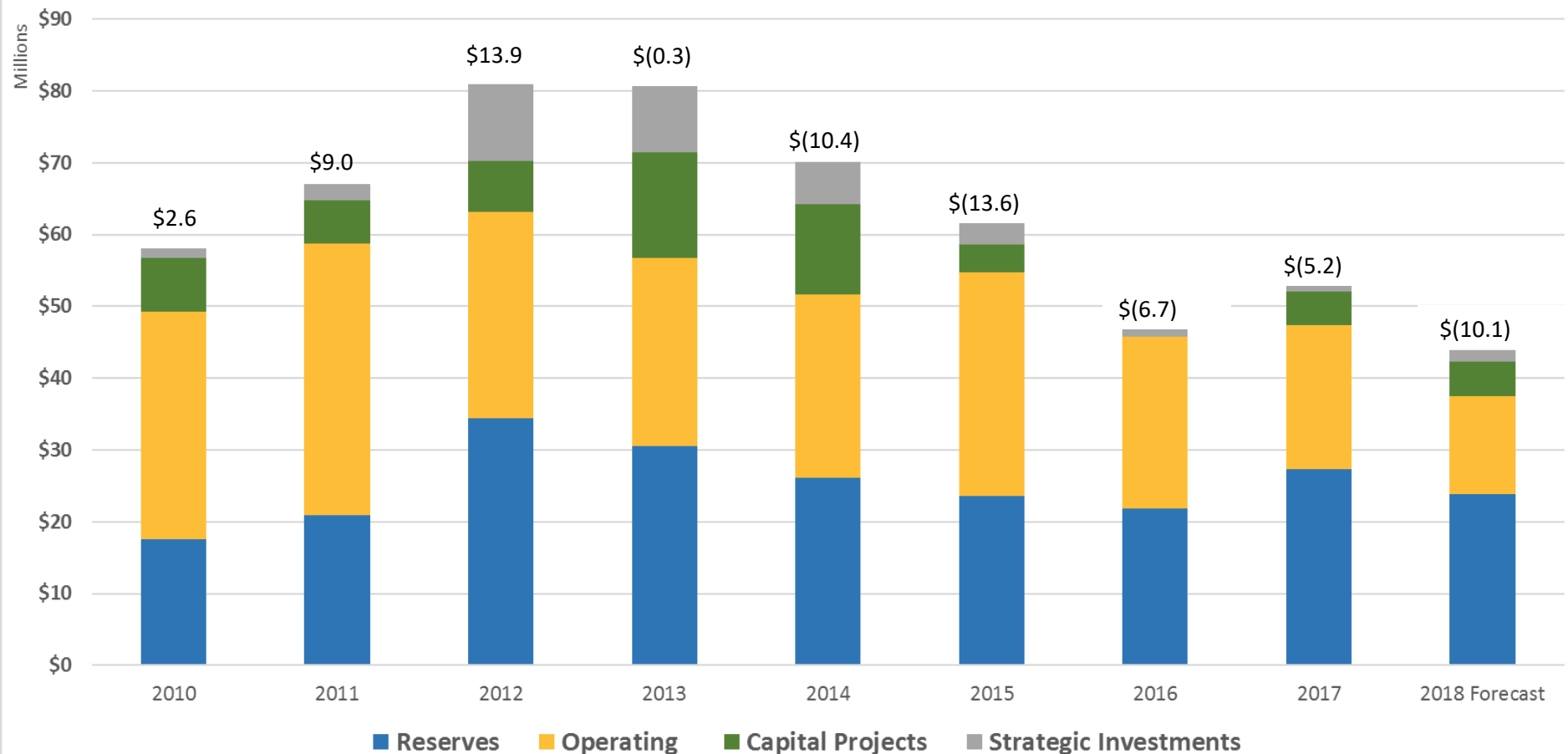
Michelle Quinn
April 16, 2018

UNC



Cash History with Annual Change*

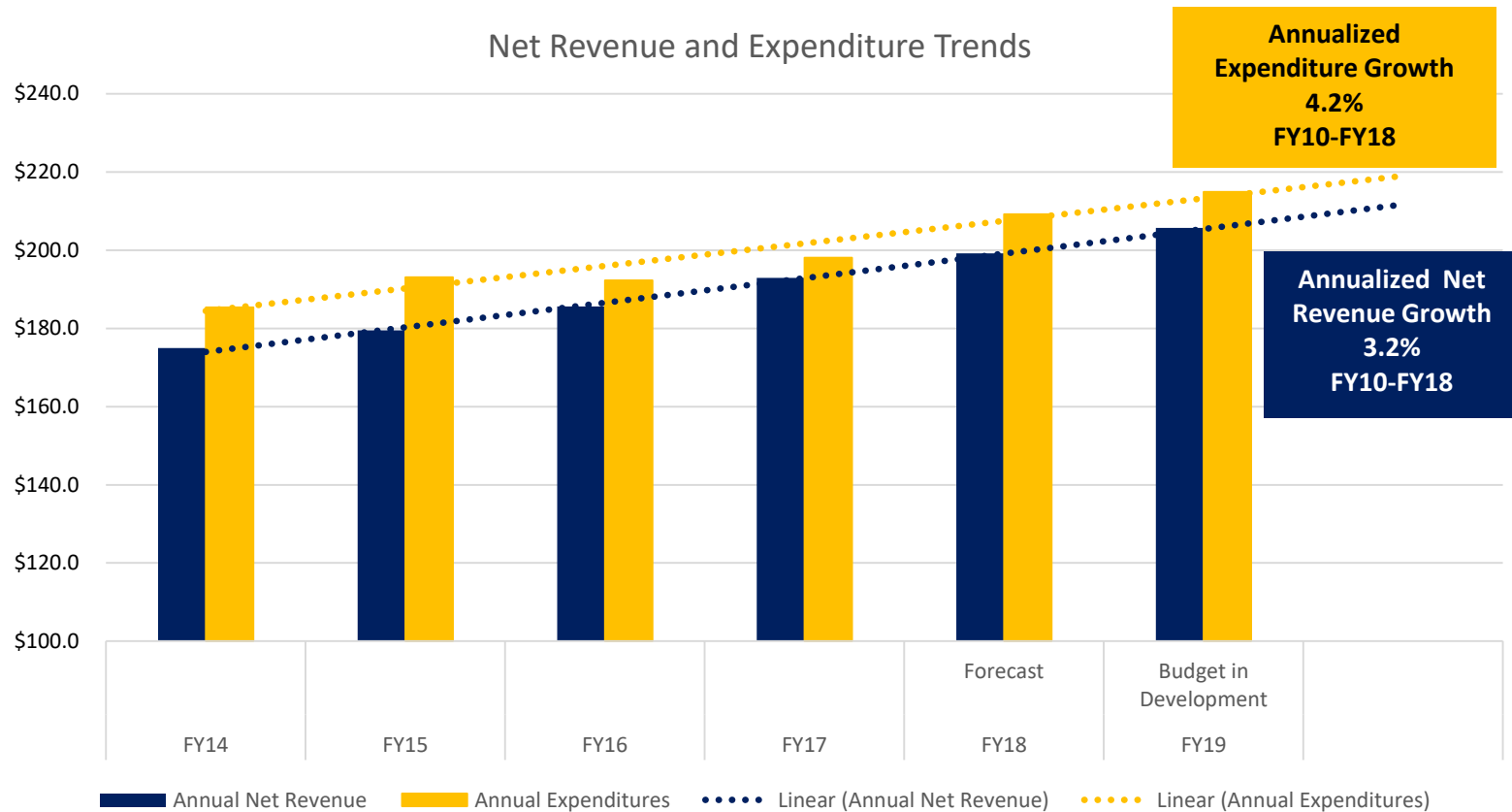
Cash Balances June 30, (in millions)



*Annual change from Revenue & Expenditures. Unusual items like the sale of University Apartments and balance sheet changes are excluded.



Net Revenue and Expenditure Trends





Net Revenue and Expenditures

	Baseline Comparison	Deficit Spending						FY10 to FY18 Change	
	(in millions)								
	FY10	FY14	FY15	FY16	FY17	FY18 Forecast	Draft FY19 Budget (as of 4/13/18)	Average Annual	Total
Net Tuition Revenue	\$ 67.0	\$ 88.3	\$ 88.9	\$ 91.3	\$ 98.7	\$ 100.3		6.2%	49.7%
Room & Board Net	27.2	29.6	29.8	30.8	32.2	33.9		3.1%	24.6%
State Funding	44.2	33.6	37.4	41.1	39.1	39.6		-1.3%	-10.4%
All Other Revenue	20.6	23.5	23.4	22.4	22.9	25.4		2.9%	23.3%
Annual Net Revenue	\$159.0	\$175.0	\$179.5	\$185.6	\$192.9	\$199.2	\$205.7	3.2%	25.3%
Faculty Salaries	\$ 35.1	\$ 41.8	\$ 43.0	\$ 43.5	\$ 44.9	\$ 47.1		4.3%	34.2%
All Other Salaries	48.6	53.8	55.6	56.6	60.5	62.5		3.6%	28.6%
Benefits	20.1	24.9	26.5	27.9	29.4	31.3		7.0%	55.7%
Operating Expenses	38.1	44.2	45.3	44.7	47.1	47.2		3.0%	23.9%
Debt Service	9.0	10.4	11.8	10.9	11.9	11.8		3.9%	31.1%
Capital	5.5	10.3	10.9	8.7	4.3	9.3		8.6%	69.1%
Annual Expenditures	\$156.4	\$185.4	\$193.1	\$192.3	\$198.1	\$209.2	\$212.2	4.2%	33.8%
Cash Surplus / (Deficit)	\$2.6	(\$10.4)	(\$13.6)	(\$6.7)	(\$5.2)	(\$10.0)	(\$6.5)		



More Challenging (and Expensive) to Reach

Declining Demographics

36

States will see slower growth or declines in high school graduation rate (2016-2031)



A More Demanding "Shopper"

Attending Multiple Orientations to Decide

22%

Increase in withdrawn deposits from 2007-2015

New Marketing Approaches Needed

87%

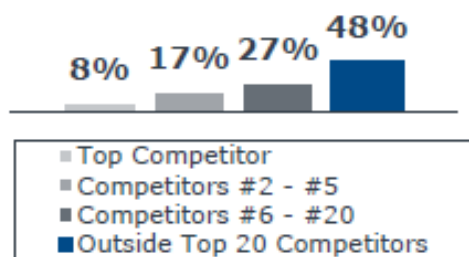
Percentage of prospects who say they don't trust university websites, seeking validation from external source

A Long Tail of Competitors

108%

Increased applications from 2001—2014 with just an 11.6% increase in prospects

Where Admitted Students Who Did Not Deposit Went (n = 81,827)



Increasingly Price Sensitive

25%

Percentage of families who **would have enrolled elsewhere for less than \$5k** in additional grant or scholarship assistance from second choice

NACUBO-Reported Discount Rate for FTFT Freshmen

38.6%

in 2006-2007

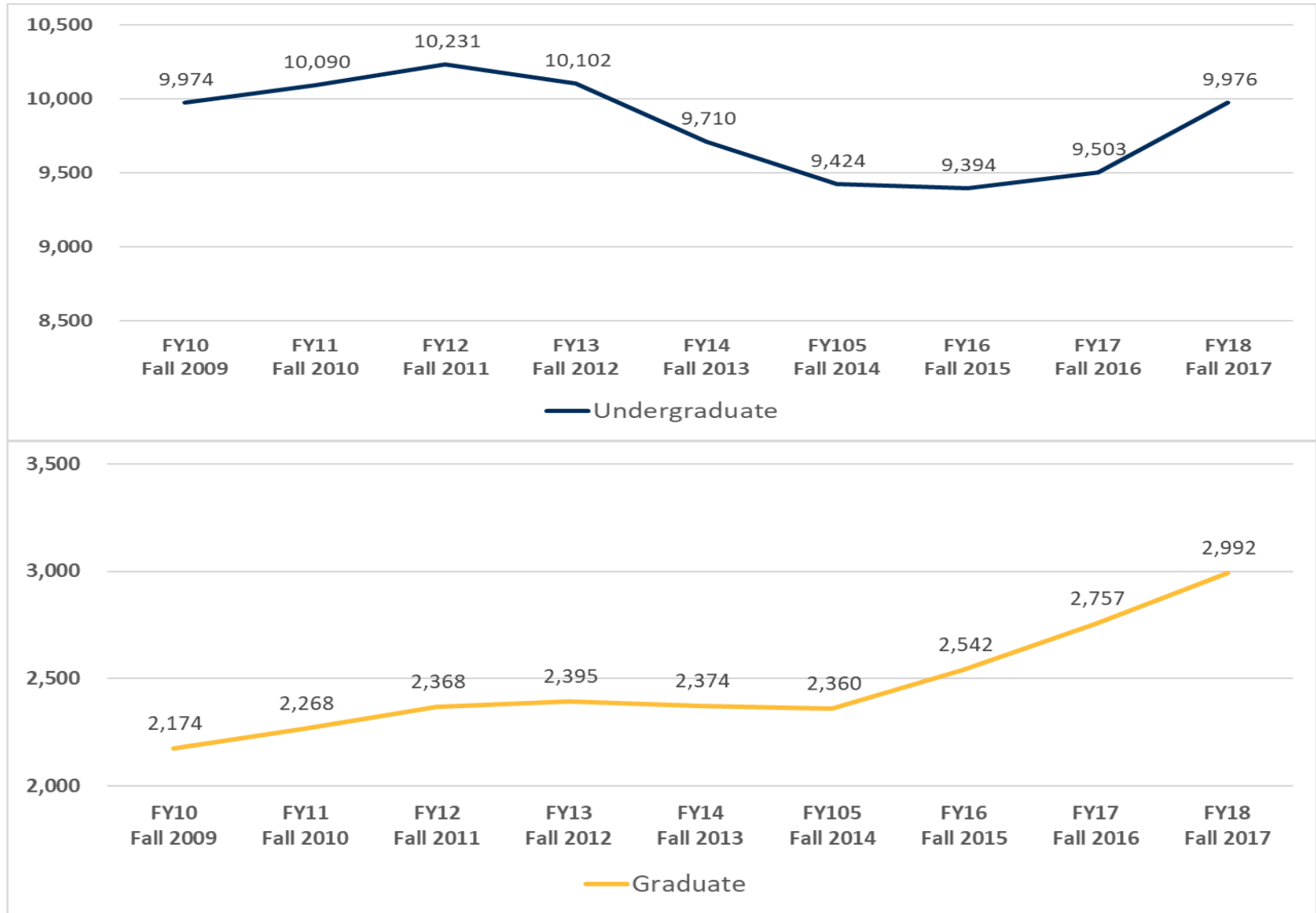


49.1%

in 2016-2017



Enrollment Trends Fall Census Headcount





Enrollment Growth

	Fall 2009 Historical Baseline	Fall 2013 Pre- Plan Baseline	Five-year Fiscal Sustainability Plan					
			FY15 Fall 2014	FY16 Fall 2015	FY17 Fall 2016	FY18 Fall 2017	Growth: Fall 14 to Fall 17	FY19 Fall 2018 Target
UNDERGRADUATE								
New first-time freshmen	2,367	1,962	1,938	2,035	2,142	2,138	10%	2,201
New transfer	847	799	786	726	776	788	0%	804
New international	38	105	76	71	124	101	33%	104
Continuing domestic	6,405	6,653	6,273	6,058	6,063	6,066	-3%	6,107
Continuing international	89	98	113	98	93	87	-23%	104
Domestic non-degree	228	93	238	406	305	796	234%	820
Total UG	9,974	9,710	9,424	9,394	9,503	9,976	6%	10,140
GRADUATE								
New domestic	706	701	652	796	880	925	42%	966
New international	33	73	32	45	62	72	125%	77
Continuing domestic	1,043	1,237	1,301	1,338	1,475	1,626	25%	1,673
Continuing international	89	127	145	113	116	134	-8%	128
Domestic non-degree	256	236	230	250	224	235	2%	262
Total GR	2,127	2,374	2,360	2,542	2,757	2,992	27%	3,106
Total Headcount	12,101	12,084	11,784	11,936	12,260	12,968	10%	13,246

Note: Figures are as of fall census



Discounting and Net Tuition & Fee Revenue (NTR)

In Millions

	FY10 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Forecast	FY19 Budget
Undergraduate Tuition & Fees	\$ 67.8	\$ 83.2	\$ 86.4	\$ 95.4	\$ 101.7	\$ 108.2
Institutional Scholarships	(13.4)	(16.7)	(18.6)	(23.4)	(29.7)	(33.0)
Undergraduate NTR	\$ 54.4	\$ 66.5	\$ 67.8	\$ 72.0	\$ 72.0	\$ 75.2
Discount Percent	19.8%	20.1%	21.5%	24.5%	29.2%	30.5%

In Millions

	FY10 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Forecast	FY19 Budget
Graduate Tuition and Fee Revenue	\$ 15.0	\$ 26.6	\$ 28.2	\$ 32.2	\$ 34.0	\$ 37.3
Institutional Scholarships & Waivers	(2.4)	(4.1)	(4.7)	(5.5)	(5.8)	(6.3)
Graduate NTR	\$ 12.6	\$ 22.5	\$ 23.5	\$ 26.7	\$ 28.2	\$ 31.0
Discount Percent	16.0%	15.4%	16.7%	17.1%	17.1%	16.9%



Resident Freshmen Discounting, Enrollment, and Retention

Fall 2016 Discount Rates (New First-time, Full-time UG, Resident)					
EFC	Academic Preparedness Tier				
	More Prepared Tiers 1a & 1b	Tier 2	Tiers 3a & 3b	Tier 4	Less Prepared Tier 5
Pell Eligible					
Low Ability to Pay (Non-Pell)					
Moderate Ability to Pay					
Highest Ability to Pay					
Fall 2016 Yield	43%	40%	39%	40%	43%
Fall 2016 Enrolled	223	254	546	361	432
Retained to Fall 2017	91%	81%	73%	64%	61%
<div> <div>Key</div> <div>Highest Aid</div> <div>Moderate Aid</div> <div>Lowest Aid</div> </div>					



Campus Conversations: FY19 Budget

- Exploring Cost Savings
 - UG financial aid
 - VP, dean, AVP review
 - Staff/Administrator travel, Official functions
 - Capital, New technology,
 - Strategic Investments in nine core plans
 - Personnel expenditures
- Bridge
 - Interim cash management during leadership transition