

UNC Financial Overview & FY26 Outlook



UNC

February 27, 2025

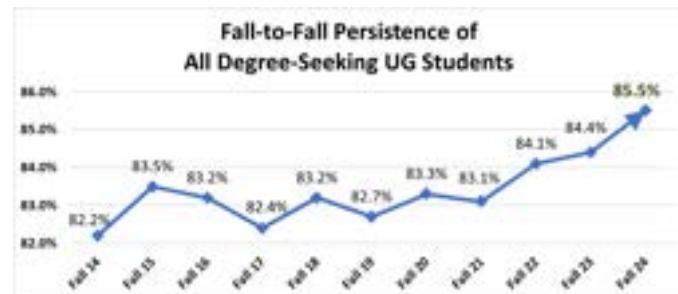
UNC Positive – North of the Norm



D6
Direct
Admissions



'In It for the Long Haul,' Alumna and District 6 Educator Wins Presidential Teaching Award



81%
of all UNC students received financial aid in FY 2023-24



\$7,626,369
Total dollar amount of donor-funded scholarships awarded in FY 2023-24



2,085
donor-funded scholarships were awarded in FY 2023-24



42%
of undergraduate degree-seeking students identify as the first in their family to attend college

Hispanic
Serving
Institution

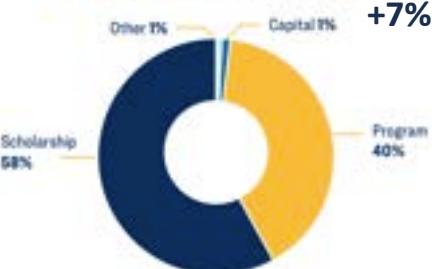
UNC faculty describes
Grammy win



Website Rebuild
Wireless First
Banner SaaS

Higher Learning
Commission
Status: Accredited

FY 2024 Endowment Market Value by Purpose (\$119.3 million)



Center for Student Well-being: Grand Opening



S&P Global Ratings Report

S&P Global
Ratings

2/12/25: Re-affirmed A- rating and stable outlook

Potential Upside

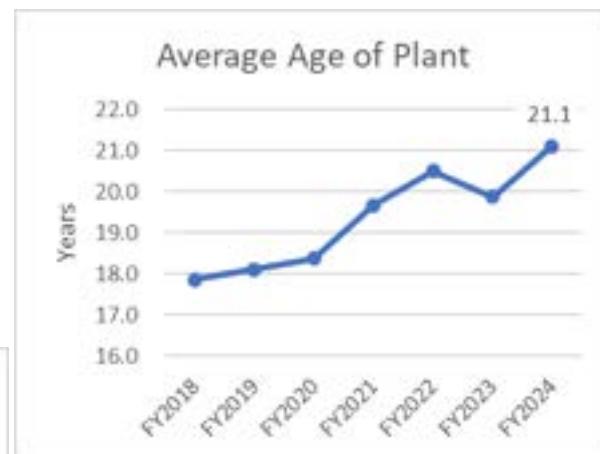
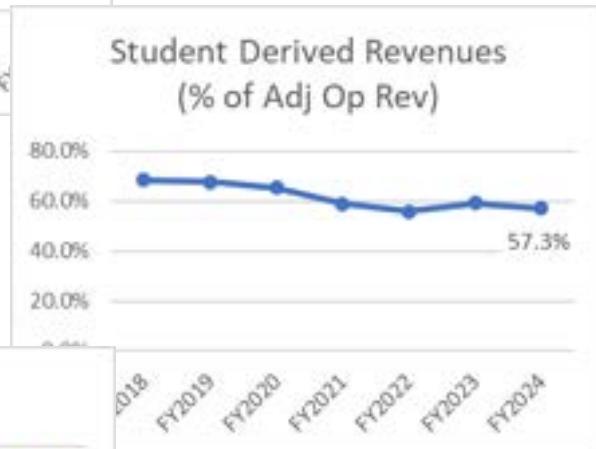
- Enterprise risk profile is strong, with **solid management, good retention, and low discounting**
- Financial risk profile is strong, with good financial management policies, a manageable debt burden, and **stable financial resources**
- **Debt service is manageable** at 5.5% of FY24 adjusted operating expenses
- Steady uptick in applications and retention rates

Potential Downside

- Recent negative financial performance
- Ability to scale operations to smaller student population
- Limited fundraising capability relative to peers
- Recent enrollment trends and weak selectivity [of students]

S&P Global Ratings Report

S&P Global
Ratings



State of the Sector

MOODY'S RATINGS

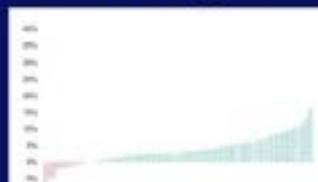
Most revenue streams will see modest growth

- Stable to growing state funding in most states.
- Endowment spending growth rate will initially slow.
- Philanthropy outlook is favorable.
- Strong patient care revenue growth.
- Federal research funding may see compression after years of growth with new administration's policies.

Slightly growing enrollment will boost net tuition revenue.

- Large, comprehensive universities will see the greatest benefit.
- Smaller private universities show divergent trends.
- Shifting federal immigration policies may dampen fall 2025 international enrollment.

Public universities with net tuition revenue growth



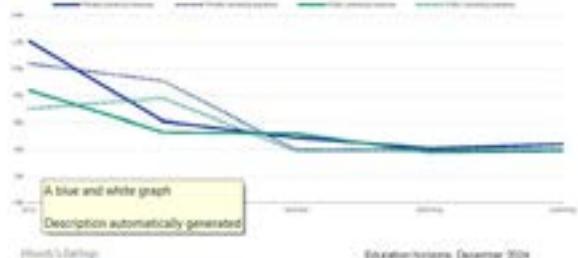
2025 outlook stable for



Stable outlook as revenue and expense paths converge, though risks lurk

- Multiple revenue streams will see modest gains, with overall revenue growth around 4%.
- Waning inflation will moderate expense growth, though it will outpace inflation.
- Balance sheets will remain sound, mitigating the impact of deficits.
- Potential financial costs lurk outside of primary expense drivers.

Revenue and expense growth rates will align more closely

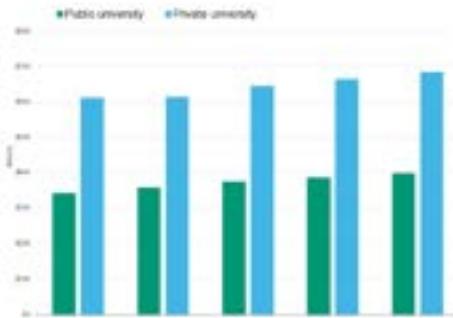


Cooling inflation will moderate expense growth

Half the sector will deliver EBIDA margins over 10%

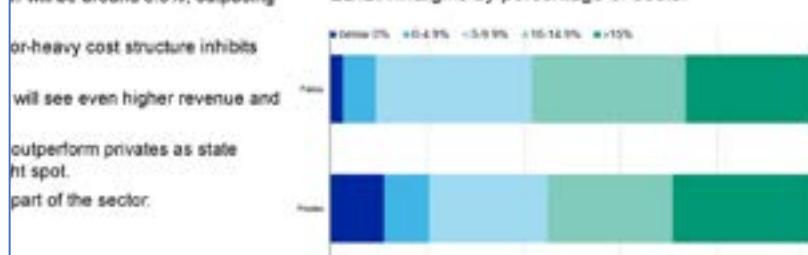
Momentum in reserve growth will support stability

Investment returns and growing donor support will boost balance sheets



- After initial slowing, endowment spending rates will rise toward the end of the outlook period.
- Private universities will see greater benefits than publics.
- For those with modest deficits, reserves provide some runway.
- Universities with severe and/or multi-year deficits will see balance sheets dwindle.
- Debt issuance will increase to address a backlog of capital needs.

EBIDA margins by percentage of sector

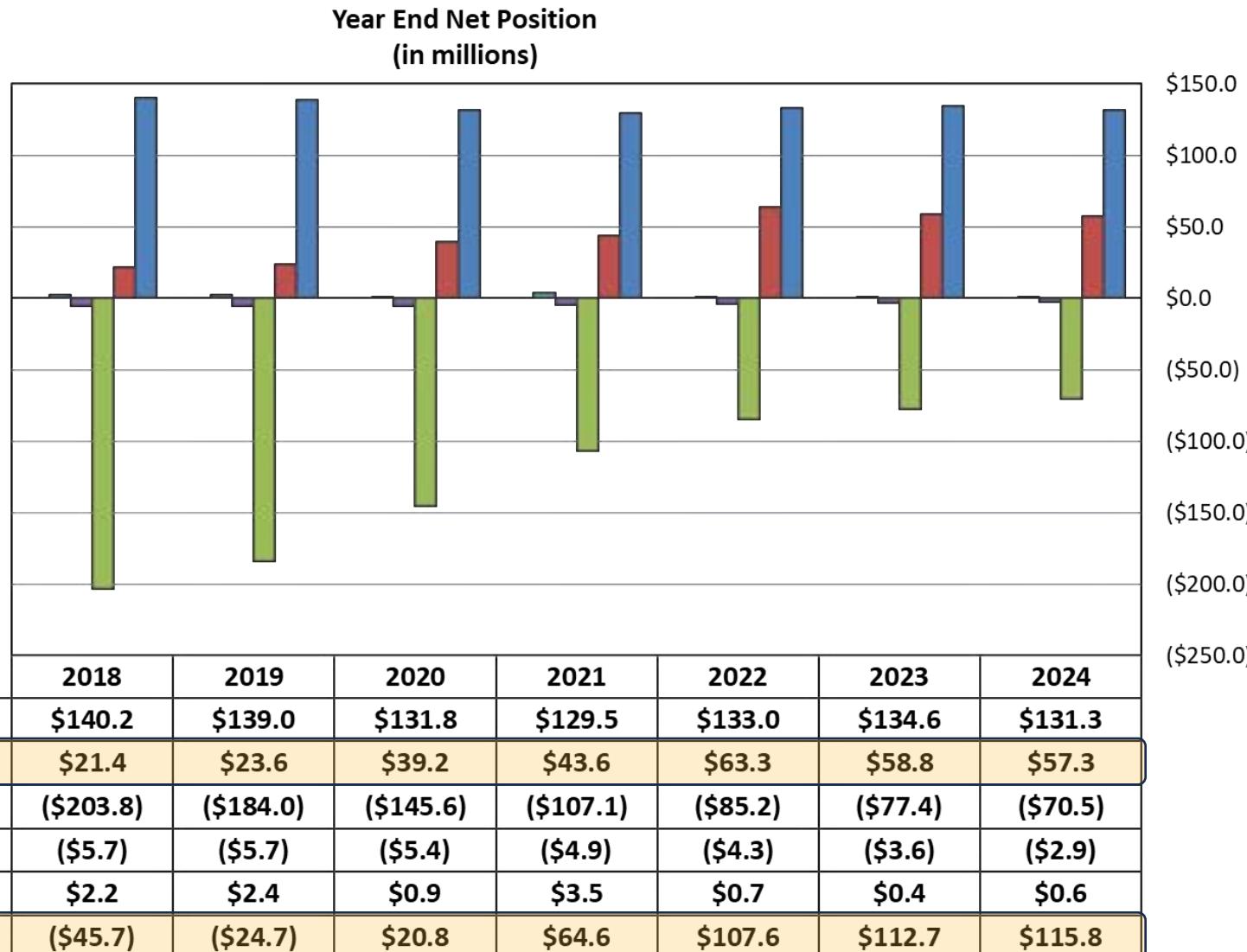


Education horizons, December 2024

Overview

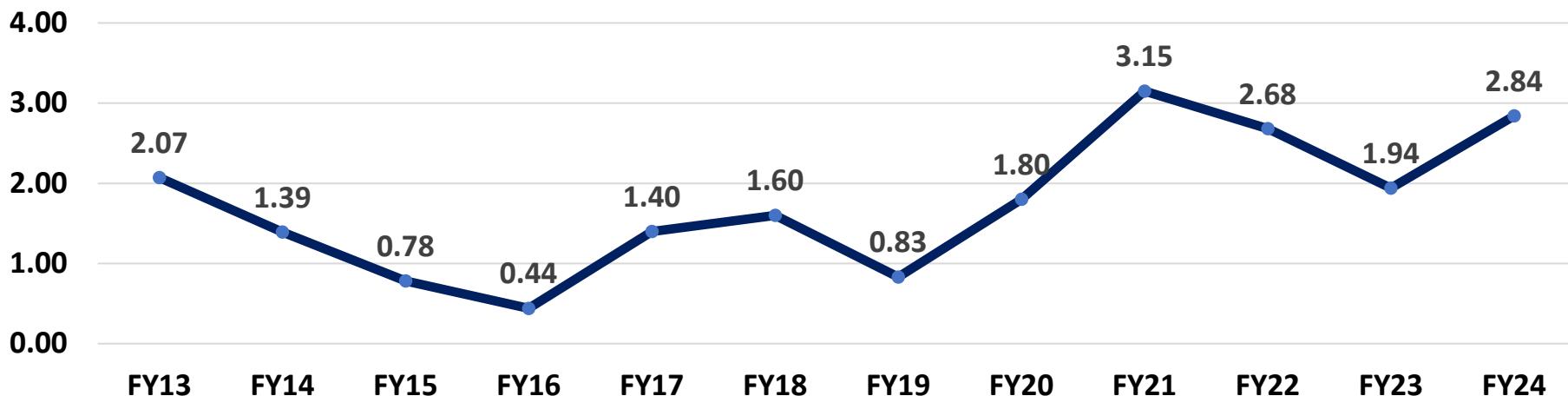
- **UNC's Financial Health Indicators**
- **Higher Ed Funding in Colorado**
- **UNC Trends & Projections**
- **Next Steps**
- **Questions**

Financial Health Indicators



Financial Health Indicators

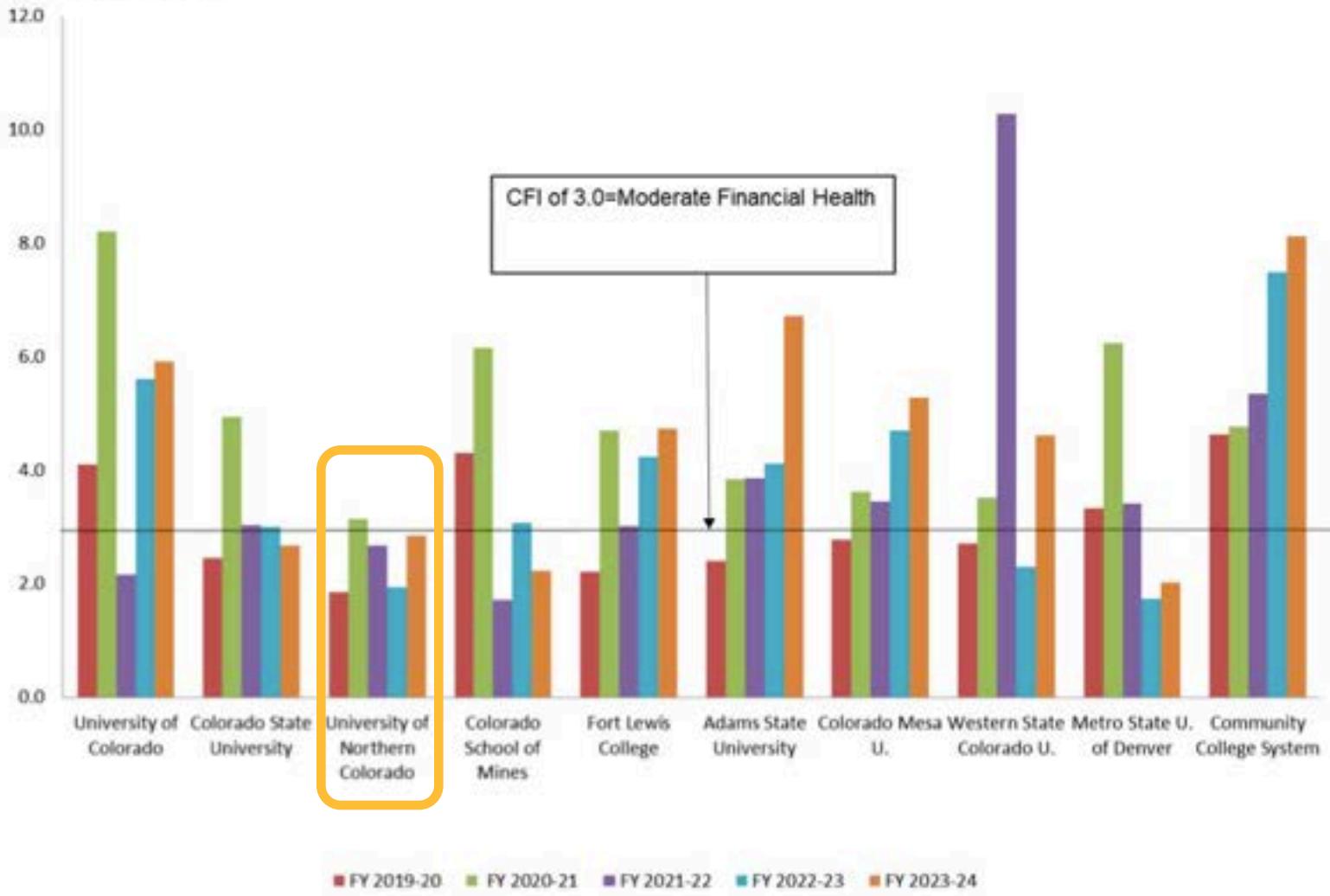
Composite Financial Index (CFI)



- Resource Sufficiency (35%): asset sufficiency compared to expenses
- Asset Performance & Management (20%): sufficient returns on assets
- Operating Results (10%): alignment of revenues and expenses
- Debt Management (35%): asset sufficiency compared to long-term debt
- Higher Learning Commission (HLC) – UNC's Accreditor:
 - for scores between 1.1 and 10, “No additional follow-up is required,”
 - i.e., a CFI of 1.1 or higher means financial health is sufficient.

Financial Health Indicators

Composite Financial Index Scores for Higher Education Governing Boards
FY 2019-20 to FY 2023-24



Financial Health Indicators

Debt Profile and Credit Ratings					
	Credit Rating Moody's	Total Outstanding Principal and Interest (Obligations)	Percent Intercept Debt (state- backed)*	Total Obligations/Total Annual Revenue	Annual Payment/Total Annual Revenue
U. of CO System	Aa1 (stable)	2,143,165,623	None	32.1%	2.4%
CO State U System	Aa3 (stable)	1,767,845,354	44.6%	89.8%	4.4%
U. Northern CO	A3 (stable)	156,450,593	96.1%	67.2%	4.6%
CO School of Mines	A1 (stable)	1,219,000,689	58.4%	255.4%	6.8%
Fort Lewis College	A3 (stable)	53,126,953	73.8%	49.4%	4.0%
Adams State University	A3 (stable)	82,749,855	86.9%	110.7%	5.7%
Colorado Mesa U	A2 (stable)	299,547,051	83.5%	133.3%	6.8%
Western CO U	A3 (stable)	128,870,565	96.9%	161.4%	9.0%
Metro State U	A1 (stable)	150,445,301	60.2%	48.0%	2.5%
Community College System	Aa3 (stable)	133,912,569	22.0%	14.3%	0.9%

*The University of Colorado does not use the intercept program, as its Aa1 rating is higher than the State's Aa2 rating.

Sources: Colorado Treasurer's 9th Annual Report on State Institutions of Higher Education (debt profile information) combined with annual revenue information provided by institutions as part of the Composite Financial Index calculation (adjusted to exclude the impact of pension and similar obligations).

Financial Health Indicators



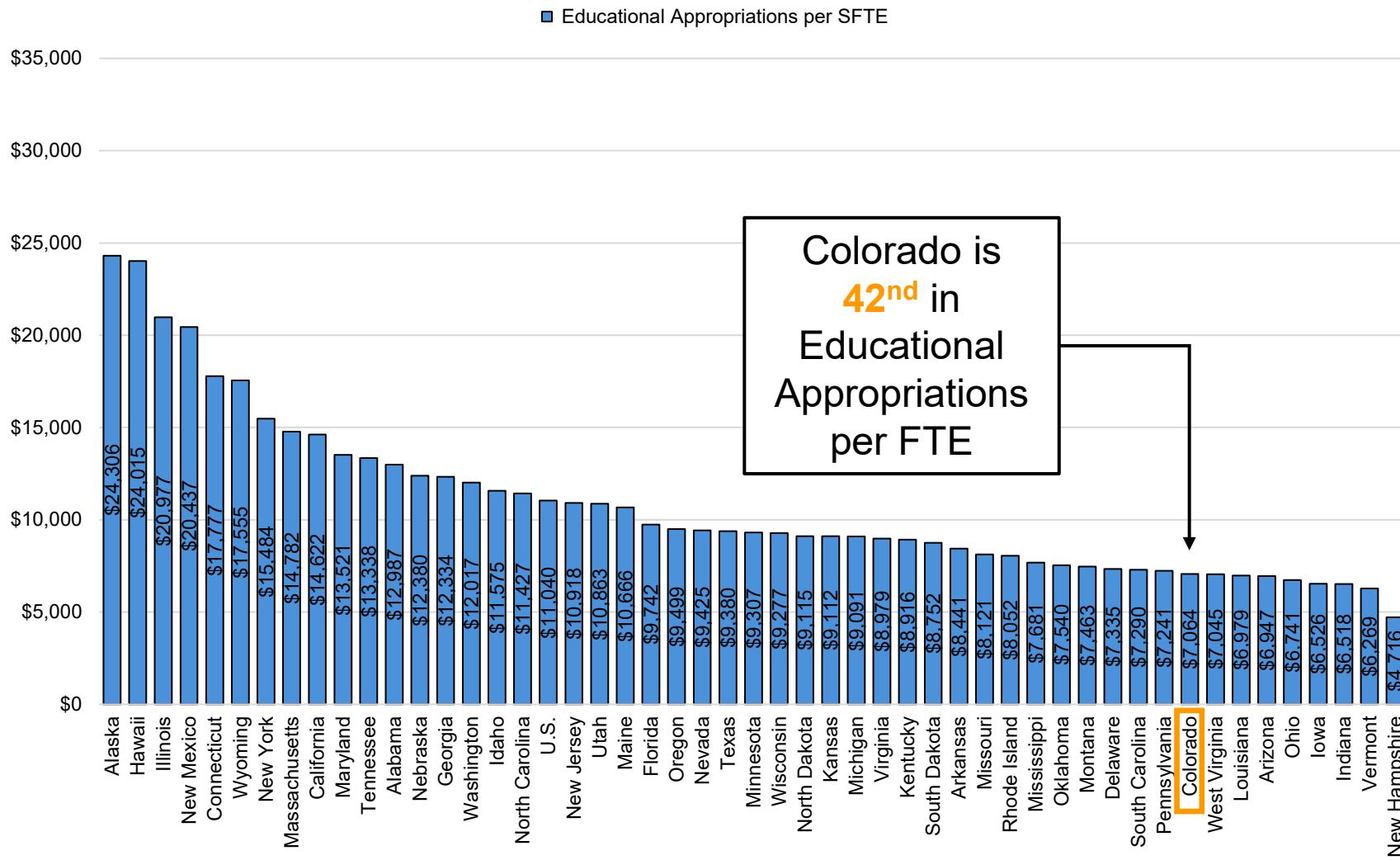
- Equivalent to the combined value of our "checking" and "savings" accounts
- \$64.8M is sufficient for ~4 months of expense coverage
- Some of these funds are committed – grants, programs, and facility commitments
- FY24 and FY25 do not include restricted escrow balances for COM

Higher Ed Funding in Colorado



State Funding National Comparison

Colorado 42nd at \$7,064 per SFTE (2023 Report)

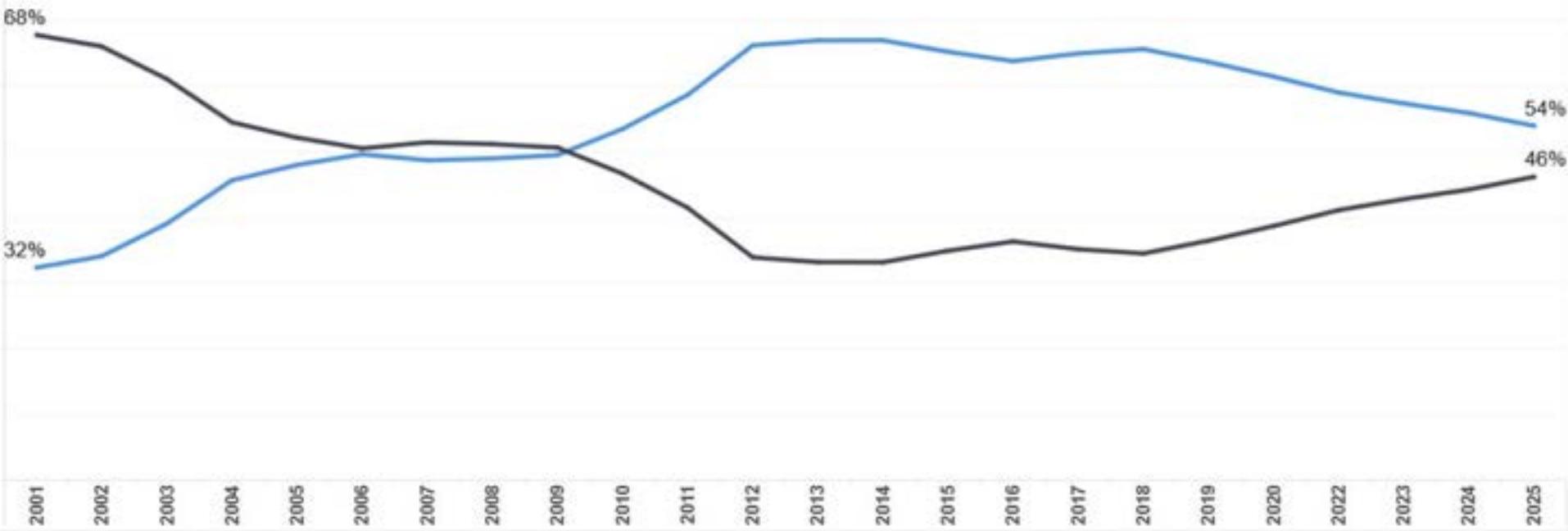


NOTE: Colorado is 48th (\$6,603) in the published FY 2023 report, figure 3.2, reflecting SHEEO adjusted data for Cost of Living Index (COLI) and Enrollment Mix Index (EMI).

Average Resident Student's Share of College (Tuition vs. State Funding) All Governing Boards

The State's budget impact on Students and Families | FY 2001 to Present
(Adjusted for inflation)

Funding Type
■ State Share
■ Student Share



FY 2025-26 Base Core Costs State Funding and Tuition Interaction

Base Core Minimum Costs		\$111.7	\$111.7	\$111.7	\$111.7	\$111.7	\$111.7	\$111.7	\$111.7	\$111.7
Resident Tuition Rates (Non-resident at CPI)	Resident	0.0%	1.0%	2.0%	2.3%	3.0%	3.5%	4.0%	4.5%	5.0%
	Dollar Amount	\$30.5	\$44.9	\$59.2	\$63.5	\$73.5	\$80.7	\$87.9	\$95.0	\$102.2
Statutorily Required Increase for SEPs		\$3.4	\$2.8	\$2.2	\$2.0	\$1.6	\$1.3	\$1.0	\$0.7	\$0.4
Step 2 State Funding	Percent	6.7%	5.5%	4.3%	4.0%	3.1%	2.5%	2.0%	1.4%	0.8%
	Dollar Amount	\$84.6	\$69.6	\$54.7	\$50.2	\$39.8	\$32.3	\$24.8	\$17.4	\$9.9
Total State Funding	Percent	6.7%	5.5%	4.3%	4.0%	3.1%	2.5%	2.0%	1.4%	0.8%
	Dollar Amount	\$84.6	\$69.6	\$54.7	\$50.2	\$39.8	\$32.3	\$24.8	\$17.4	\$9.9
Statutorily Required Financial Aid Increase		\$19.6	\$16.2	\$12.7	\$11.6	\$9.2	\$7.5	\$5.8	\$4.0	\$2.3
Total State Funding with Financial Aid		\$104.2	\$85.8	\$67.4	\$61.9	\$49.0	\$39.8	\$30.6	\$21.4	\$12.2

UNC Trends & Projections



Revenues – Trends & Projections

FY26 Revenue Outlook Assumptions:

- 4% increase in UG Tuition & Fee Rates
 - Governor's budget proposal is 2.3% UG Res, 2.4% UG Non-Res and GR
 - Joint Budget Committee sets the UG Res tuition cap as part of the Long Bill
 - FY25 3% UG Res tuition, 4% UG non-res, GR tuition, 4% mandatory fees
- 1268 New-First-Time UG Students (1243 in Fall 24)
- 514 New Transfer UG Students (504 in Fall 24)
- 75% New-First-Time fall-to-fall retention (74.5% Fall 23, 75.8% Fall 24)
- 5% increase in GR Tuition & Fee Rates
- GR Enrollment equal to Fall 24
- 7% increase in Room & Board Rates
- 64% Housing Opening Occupancy (63% for Fall 24)
- 2% increase in State Funding (9.3% FY25, 1% in FY26 Gov. Proposal)

Revenues – Trends & Projections

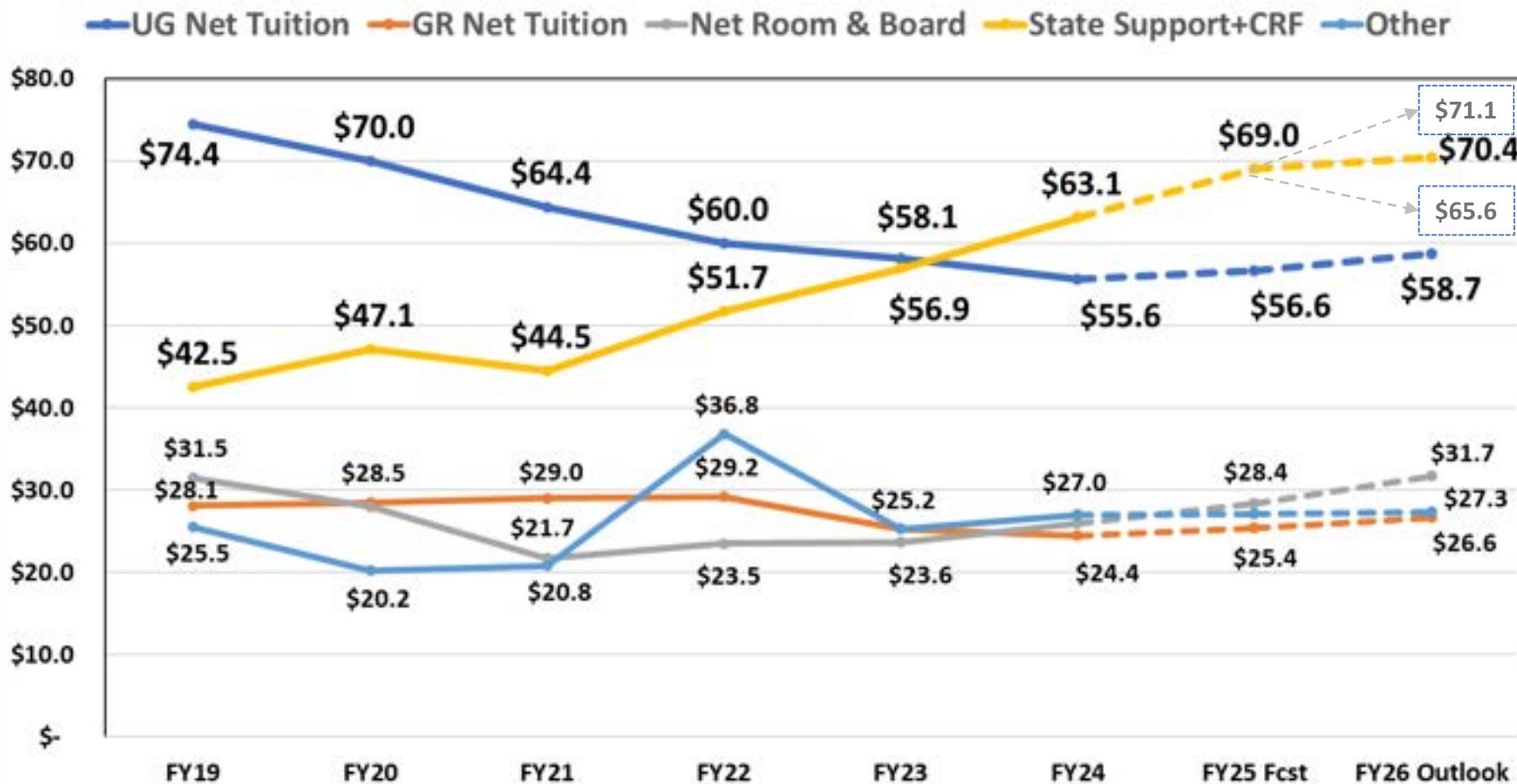
Resident UG Tuition & Fees	Fiscal Year 2024-25				
	Tuition	Fees	Total Tuition & Fees	Room & Board (double & 19 meal plan)	Total Tuition, Fees, Room & Board
Colorado School of Mines	\$18,930	\$2,984	\$21,914	\$17,532	\$39,446
University of Colorado-Boulder	\$12,312	\$1,690	\$14,002	\$17,794	\$31,796
University of Colorado-Colorado Springs	\$10,316	\$1,858	\$12,174	\$17,698	\$29,872
University of Colorado-Denver	\$11,700	\$1,023	\$12,723	\$15,942	\$28,665
Colorado State University	\$10,609	\$2,773	\$13,382	\$14,740	\$28,122
Metropolitan State University of Denver*	\$8,868	\$1,912	\$10,780	\$15,942	\$26,722
University of Northern Colorado	\$9,047	\$2,853	\$11,900	\$14,009	\$25,909
Colorado State University-Pueblo	\$8,846	\$3,228	\$12,074	\$12,096	\$24,170
Western Colorado University	\$7,308	\$4,459	\$11,767	\$11,142	\$22,909
Colorado Mesa University	\$9,436	\$1,200	\$10,636	\$12,209	\$22,845
Fort Lewis College	\$7,776	\$2,183	\$9,959	\$11,334	\$21,293
Adams State University	\$6,120	\$3,703	\$9,823	\$10,440	\$20,263

*housing is with CU-Denver

Source: Institution websites

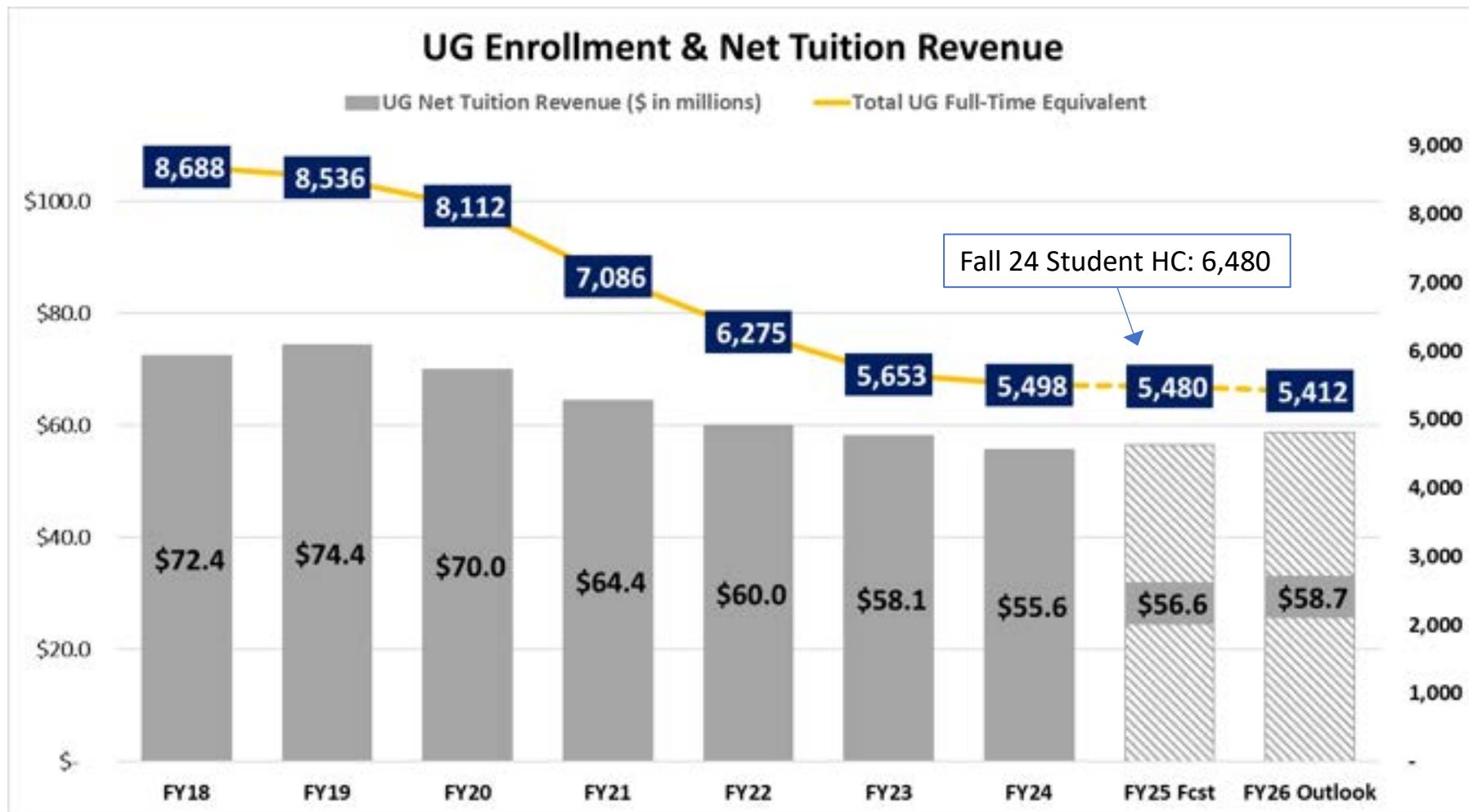
Revenues – Trends & Projections

Trends in Revenue Sources



(\$ in millions)	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Fcst	FY26 Outlook
Net Operating Revenue	\$ 202.0	\$ 193.8	\$ 180.4	\$ 201.2	\$ 189.0	\$ 196.0	\$ 206.5	\$ 214.7

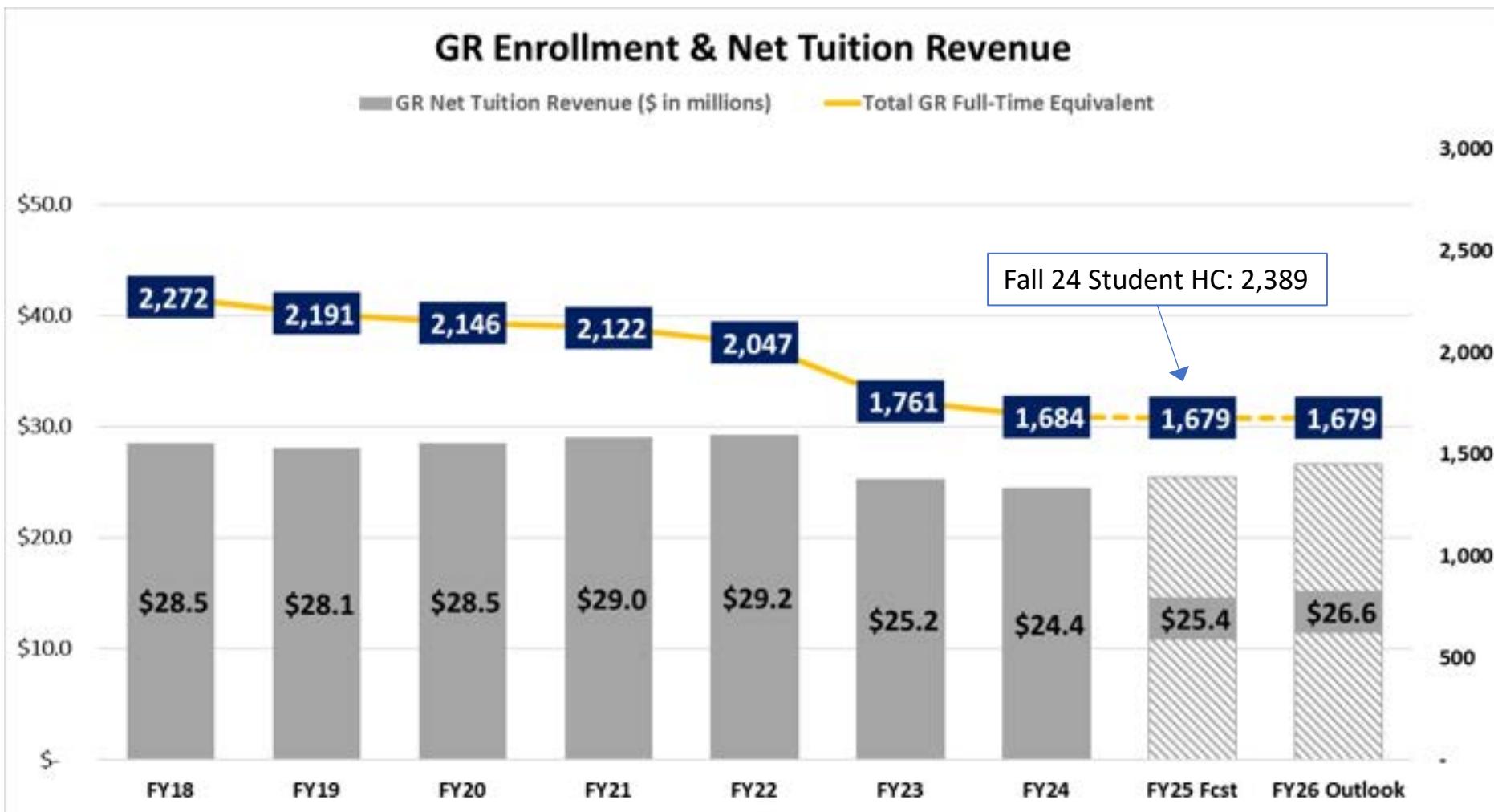
Revenues – Trends & Projections



Fall 24: 1.1% increase in degree-seeking NFT students, 75.8% NFT fall-to-fall retention, 85.5% overall UG fall-to-fall persistence

Fall 25 Targets: 2% increase in NFT

Revenues – Trends & Projections

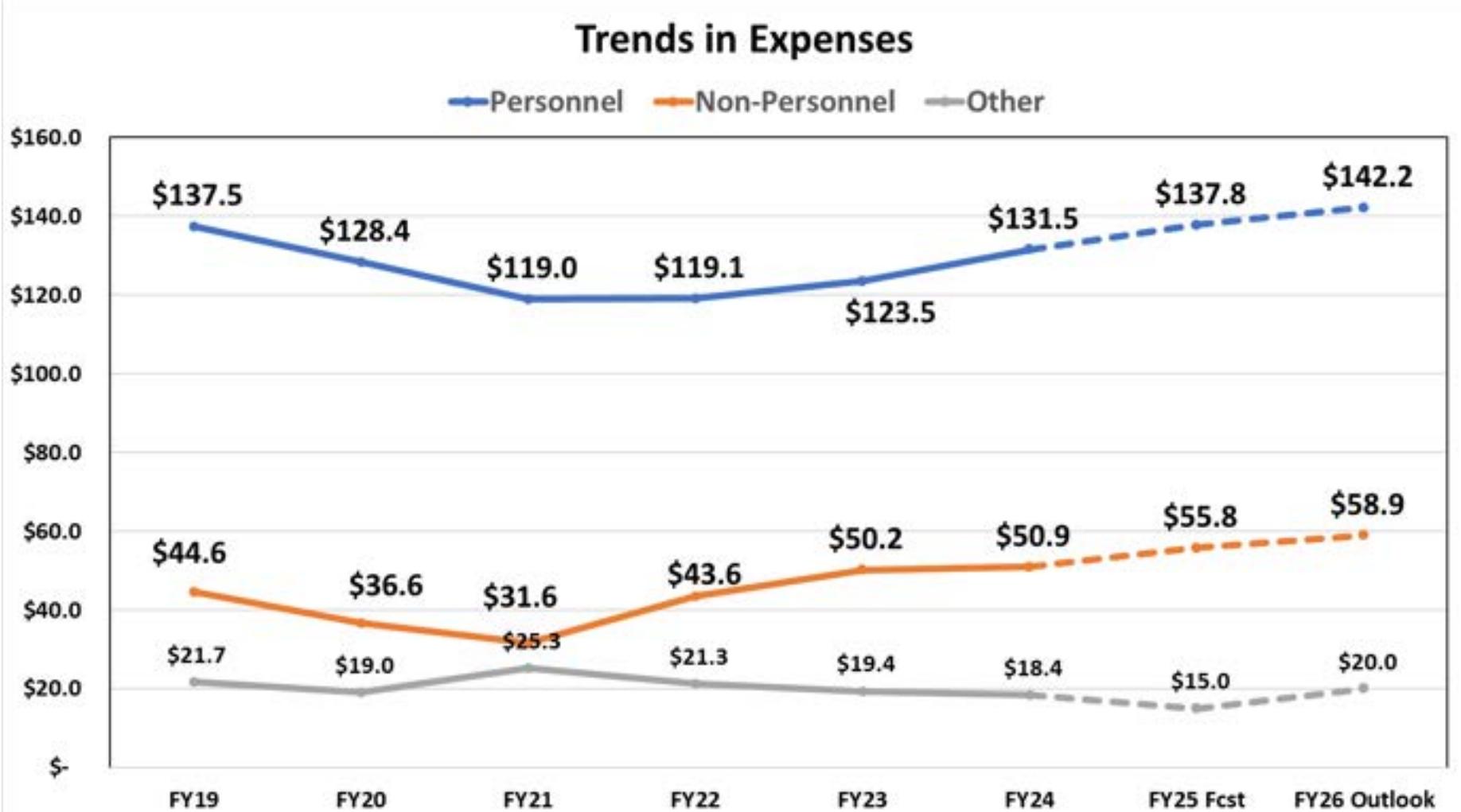


Expenses – Trends & Projections

FY26 Expense Outlook Assumptions:

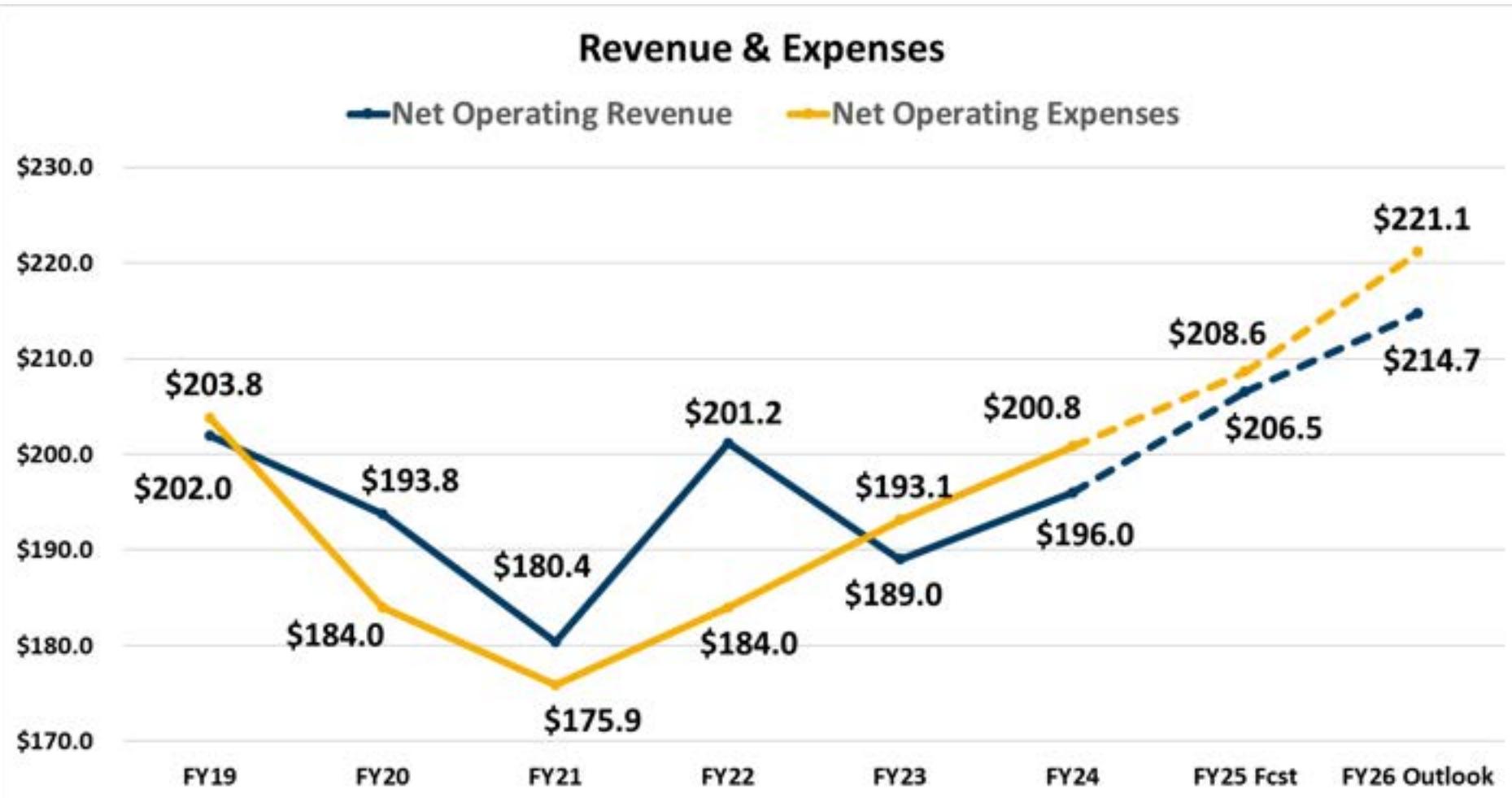
- Personnel Expenses (estimates including fringe benefits):
 - Faculty & Staff: 3% ATB, \$3.2M
 - Other changes: (EPEW, Students, Temporary, etc.): \$1.0M
 - Reduced Turnover (vacancy savings): \$1.1M
 - Benefit Premiums: \$0.5M
- Non-Personnel Expenses: 2.0% increase for inflation

Expenses – Trends & Projections



(\$ in millions)	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Fcst	FY26 Outlook
Net Operating Expenses	\$ 203.8	\$ 184.0	\$ 175.9	\$ 184.0	\$ 193.1	\$ 200.8	\$ 208.6	\$ 221.1

Trends & Projections



(\$ in millions)	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Fcst	FY26 Outlook
Net Operating Result	\$ (1.8)	\$ 9.8	\$ 4.5	\$ 17.2	\$ (4.1)	\$ (4.8)	\$ (2.1)	\$ (6.4)

Next Steps



Next Steps & Timeline

- Budget process underway:
 - First round due January 31
 - Second round due March 31
 - Update to Board of Trustees – February 27-28
 - Division review meetings – March 10-14
 - State funding with tuition cap set by JBC – late March
 - Preliminary review with Board of Trustees – May 9
 - Final budget review and request for approval – June 6

- Budget reduction efforts:
 - Pausing all search processes to fill new and vacant positions – Feb. 3
 - Proportional budget reduction targets issued – Feb. 4
 - Ongoing review of critical resource needs

Questions?

