

FY24 Fiscal Planning Update



November 10, 2022



Overview

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- **FY23 Fiscal Update**
- **FY24 Budget Balancing**
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 - Investment needs & savings opportunities
 - Areas of focus
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- **Questions**

Background & Perspective

We have shown incredible resilience and agility:

- Focusing on financial sustainability
- Remaining diligent and focused on our strengths

“Strengthened financial operations and debt service coverage reflects leadership’s ability to reallocate resources toward strategic priorities and adjust expenses.”

~ Moody’s Investor Service, Credit Opinion for UNC, February 3, 2022

FY23 Fiscal Update

FY23 Operating Budget (\$ in millions)		\$ (8.9)
UG Net Tuition Revenue	2.5	
GR Net Tuition Revenue	(1.8)	
Room & Board Revenue	0.3	
Other Revenue	3.8	
Subtotal Revenue		4.8
Personnel Expenses	3.5	
Non-personnel Expenses	1.0	
Multi-year Projects	0.2	
Capital Transfers	(2.9)	
Subtotal Expenses		1.8
Updated FY23 Operating Budget Projection		\$ (2.3)
Gain on Sale of Assets	0.4	
Fee-For-Service Reconciliation	1.7	
Other Misc Balance Sheet Changes	0.2	
Subtotal Balance Sheet Timing Changes		2.3
FY23 Operating Cash Flow Projection		\$ -

FY22 Year-End Cash Balance (\$ in millions)		\$ 74.4
Operating Cash Flow Projection	-	
Capital Projects Adjustments Projection	(3.3)	
		(3.3)
FY23 Projected Year-End Cash Balance		\$ 71.1

FY24 Budget Balancing

What if? - Scenario Review



FY24 Budget Balancing

Revenue Assumptions for FY24	Prior Scenario	New Scenario
NFT Fall Enrollment	1193	1293
NFT Retention Rate	72%	75%
UG Tuition Rate Increase	3%	6%
GR Fall Enrollment Increase	0%	5%
GR Tuition Rate Increase	2%	5%
Student Fees Rate Increase	3%	5%
Housing Opening Occupancy	60%	62%
Room & Board Rates Increase	3%	6%
State Funding Increase	5%	8%
Total Revenue	\$ 190.3	\$ 199.6

FY24 Budget Balancing

	Fiscal Year 2022-23				
Resident UG Tuition & Fees	Tuition	Fees	Total Tuition & Fees	% Increase FY22-FY23	2-Year % Increase FY21-FY23
Colorado School of Mines	\$17,520	\$2,520	\$20,040	3%	5%
University of Colorado-Boulder	\$11,520	\$1,632	\$13,152	3%	6%
Colorado State University	\$9,903	\$2,656	\$12,559	2%	5%
University of Colorado-Denver	\$10,830	\$970	\$11,800	2%	2%
University of Colorado-Colorado Springs	\$9,540	\$1,489	\$11,029	2%	5%
Colorado State University-Pueblo	\$8,338	\$2,575	\$10,913	3%	2%
University of Northern Colorado	\$8,289	\$2,615	\$10,904	2%	8%
Western State University	\$6,936	\$3,877	\$10,813	1%	2%
Metropolitan State University of Denver	\$8,445	\$1,816	\$10,261	2%	9%
Adams State University	\$6,072	\$3,704	\$9,776	1%	2%
Colorado Mesa University	\$8,852	\$1,110	\$9,962	3%	7%
Fort Lewis College	\$7,200	\$2,012	\$9,212	2%	4%

A tuition increase of 6% plus a fees increase of 5% = \$628, or \$21 per credit hour

FY24 Budget Balancing

State Funding IHE Proposal – Base Core Minimum Cost Increases & Tuition Caps

Assumes: 3.0% Compensation / 10.3% HLD / 8.3% CPI (Sept 2022 OSPB Forecast)

Base Core Minimum Costs		\$197.3	\$197.3	\$197.3	\$197.3	\$197.3	\$197.3	\$197.3
Tuition Rates	Percent	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
	Dollar Amount	\$0.0	\$23.9	\$47.8	\$71.8	\$95.7	\$119.6	\$143.5
Statutorily Required increase for SEPs		\$8.1	\$7.1	\$6.1	\$5.1	\$4.1	\$3.2	\$2.2
Step 2 State Funding	Percent	20.0%	17.6%	15.2%	12.7%	10.3%	7.9%	5.5%
	Dollar Amount	\$205.4	\$180.5	\$155.6	\$130.7	\$105.7	\$80.8	\$55.9
Total State Funding	Percent	20.0%	17.6%	15.2%	12.7%	10.3%	7.9%	5.5%
	Dollar Amount	\$205.4	\$180.5	\$155.6	\$130.7	\$105.7	\$80.8	\$55.9

FY24 Budget Balancing

Expense Assumptions for FY24	Prior Scenario	New Scenario
Compensation increase (mid-year \$1,500, +4%)	3%	6%
Non-personnel increase (inflation)	2%	6%
Turnover rate	20%	18%
Health Premium Increase	-	\$0.8
FAMLI Tax	-	\$0.5
Total Expenses	\$ 197.4	\$ 207.6
Total Revenue	\$ 190.3	\$ 199.6
Deficit	\$ (7.1)	\$ (8.0)

FY24 Budget Balancing

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Total Expenses	\$ 197.4	\$ 207.6
Total Revenue	\$ 190.3	\$ 199.6
Deficit	\$ (7.1)	\$ (8.0)

The FY24 budget process will require an iterative approach:

- Reducing expenses where appropriate and necessary to align resources
- Increasing revenues where appropriate and possible

FY24 Budget Balancing

Multi-year Compensation Plan:

RND30 – Phase 2: Enhance & Invest

- Employee Satisfaction
 - Recruitment & Retention – reduce & stabilize turnover
 - Cultural values – commitment to Students First principles
- **” . . . a strong team of highly-skilled, knowledgeable, and dedicated faculty and staff across the institution.”**

Comparison to NCHEMS51 Peers

- FY21: Faculty 88%, Staff 87%
- FY22: Faculty 90%, Staff 90%
 - 3% Pool Increase + Mid-Year Increase (+\$1500)
- FY23: TBD
 - 3% Pool Increase + Proposed Mid-Year Increase (+\$1500)

Goal: 100%/Parity with median between FY25 and FY27, then maintain 100%

- Variables: Enrollment, balanced budget, economy, NCHEMS peer increases, etc.

FY24 Budget Balancing

Current budget distribution	2023 Base Bdgt (\$000)	% of Total
Organization		
Academic Colleges	\$ 76,320	42.1%
Finance and Administration	38,522	21.3%
Student Affairs & Enrollment Services	26,459	14.6%
Provost/Academic Affairs Non-College Functions	17,656	9.7%
Athletics	10,946	6.0%
University Advancement	6,323	3.5%
Diversity Equity Inclusion	2,433	1.3%
Board of Trustees & General Counsel	1,368	0.8%
President's Office	1,081	0.6%
Total	\$ 181,108	100.0%

FY24 Budget Balancing

Current budget distribution	2023 Base Bdgt (\$000)	% of Total	Share of Deficit (\$000)
Organization			
Academic Colleges	\$ 76,320	42.1%	\$ 3,385
Finance and Administration	38,522	21.3%	1,709
Student Affairs & Enrollment Services	26,459	14.6%	1,174
Provost/Academic Affairs Non-College Functions	17,656	9.7%	783
Athletics	10,946	6.0%	486
University Advancement	6,323	3.5%	280
Diversity Equity Inclusion	2,433	1.3%	108
Board of Trustees & General Counsel	1,368	0.8%	61
President's Office	1,081	0.6%	48
Total	\$ 181,108	100.0%	\$ 8,033

FY24 Budget Balancing

FY23 Q1 Forecast shows spending @ 97.5% of Personnel & Non-Personnel Expenses

- That's ~\$4.5 million less than the Base Budget
- Expense increases (~6%) in the model are calculated on Base Budget not Forecast

Organization	2023 Base Bdgt (\$000)	% of Total	Share of Deficit (\$000)
Academic Colleges	\$ 76,320	42.1%	\$ 1,475
Finance and Administration	38,522	21.3%	\$ 744
Student Affairs & Enrollment Services	26,459	14.6%	\$ 511
Provost/Academic Affairs Non-College Functions	17,656	9.7%	\$ 341
Athletics	10,946	6.0%	\$ 212
University Advancement	6,323	3.5%	\$ 122
Diversity Equity Inclusion	2,433	1.3%	\$ 47
Board of Trustees & General Counsel	1,368	0.8%	\$ 26
President's Office	1,081	0.6%	\$ 21
Total	\$ 181,108	100.0%	\$ 3,500

FY24 Budget Balancing

Other investment needs/proposals:

- Graduate Recruiting & Admissions
- Distinguished professor promotion options
- Research funding and incentives
- Professional development
- Marketing and communications
- Administrative Services Centers
- Diversity, Equity, and Inclusion – HSI, grants, events & programs
- Big Sky Conference Strategic Plan
- Financial Aid Optimization Proposal

Other savings/opportunities:

- Incremental enrollment/retention improvements
- Business process and workflow efficiency improvements
- Voluntary separation incentive program – faculty
- Alternative uses/management of campus facilities
- Incremental spending constraints

FY24 Budget Balancing

Focus on long-term needs

- Protecting cash balances, not necessarily increasing cash
- Stabilize and grow enrollment
- Balance the budget – align resources with needs
- Managing to the strategic outcomes – not circumstances

Plan & Schedule

- **Next Steps:**

- Fiscal analysis and planning work continues
- **October:** Q1 Forecast
- **November:** Board of Trustees update
- **December:** Launch FY24 budget process
- **February:** Board of Trustees update
- **March:** Budget review and revisions
- **April:** State funding confirmation, revisions
- **May:** Board of Trustees update, revisions
- **June:** Present final FY24 Budget

Thank You!

