

Budget Update and Financial Planning

Board of Trustees



UNC

Overview

- ❖ *Where We Were*
- ❖ *COVID-19 Effects*
- ❖ *Silver Lining*
- ❖ *The Path Forward*



Where We Were

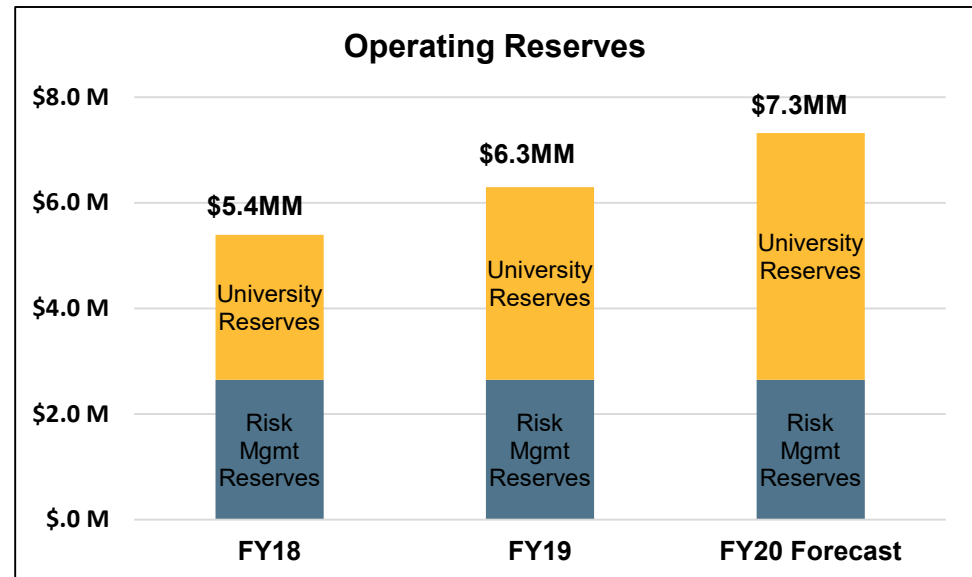


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Positive Impact of Prior Cuts: FY19 & FY20

- Spring 2019: \$10MM of budget cuts affecting FY19 and FY20
 - 11 layoffs plus 77 vacant positions eliminated (60-day hold)
 - Adjusted health insurance and tuition waiver benefits
 - Faculty early retirement incentive
- FY19 impact = \$900 thousand increase in operating reserves
- Fall 2019: Eliminated 33 vacant faculty positions and reduced housing & dining non-personnel costs
- FY20 impact = expected \$1MM increase in operating reserves

**As of December,
forecasted \$1MM
increase in operating
reserves**



FY21 Optimism: State Funding

Higher Education Funding

- CEOs unified
- Joint Budget Committee 7% increase
- Legislation for a new formula

Advocacy

- Andy met with every Joint Budget Committee and Capital Development Committee member
- Greeley Day at the Capitol



Capital

- FY21 Boiler
- Capital Development Committee visit to UNC
 - Frasier
 - Master Plan



FY21 Budget Planning Parameters

- Projected Fall 2020 undergraduates down 3.8% (315 students) due to decreasing freshmen class sizes Fall '17-Fall '19 (planning for flat freshman enrollment Fall '20 relative to Fall '19)
- Intent to increase salaries (after two years of no faculty and exempt raises)
- Reduction in vacant positions
 - Limited ability to make budget cuts without affecting people
- Need for \$5MM in budget cuts
- VP plans for restructuring including Admin Service Centers

Optimizing Organizational Design



Generalist vs. Specialist

Issue: Prevalence of generalists with fragmented job responsibilities

Solution:

- Admin Service Center Specialists
 - HR/Payroll
 - Accounting
 - Communications
 - Business Operations
- Student Support Specialists

Spans & Layers

Issue: Potential surplus middle management—e.g. <3 direct reports; up to 7 layers

Solution:

- Rule of thumb 5-7 direct reports
- Reduced layers
- Units reduced up to 20% of supervisors

FY21 Progress: Budget Reductions



Results of the Restructuring

50

Layoffs of UNC Employees

8

Additional Retirement/
Resignation in lieu of Layoffs

27

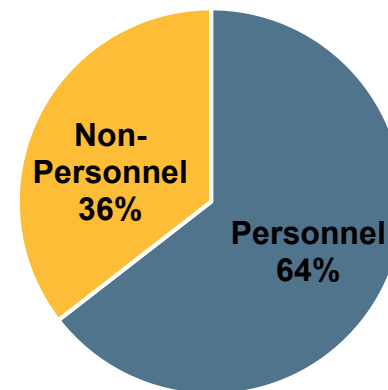
Vacant Positions Being Eliminated

Net Savings from These Actions

= \$3.3 MM

(\$ in Millions)	FY21 Budget (Pre-COVID19)	Reductions	% Chg
President's Office	\$ 1.02	\$ 0.01	0.7%
Board of Trustees	0.80	-	0.0%
Academic Affairs	108.09	2.89	2.7%
Finance & Administration	36.83	0.26	0.7%
Student Affairs	24.22	1.98	8.2%
University Advancement	6.96	0.13	1.9%
Athletics	10.48	-	0.0%
Grand Total	\$ 188.40	\$ 5.27	2.8%

Total Budget Reductions



Pre-COVID19 FY21 Budget Outlook

- **UG Enrollment:** flat new freshmen (1,817), flat transfer, down 315 continuing—**overall down 3.8%**
- **GR Enrollment: overall down 2.4%** (50 students)
- **5% increase in state funding**
- **\$5 million in budget reductions**
- **3% classified and 2% faculty/ exempt salary increases**

	FY21 Budget (Pre COVID19)
Inflows	(\$ in Millions)
Undergrad Net Tuition & Fee Revenue (NTR)	\$ 70.2
Grad Net Tuition & Fee Revenue (NTR)	27.9
Room & Board (net of waivers)	28.6
State Funding	49.4
Federal CARES Funding	-
Donor Operating Support	5.1
Donor Capital Support	0.8
Other Revenue	17.3
Total Revenue (Inflows)	\$ 199.3
Outflows	
Operating Expenses	
Personnel	132.1
Non-Personnel	44.6
Bond & Lease Payments	11.7
Total Operating Expenses (Outflows)	\$ 188.4
Strategic Investment Expenses (Outflows)	\$ 3.0
Total Transfers to Capital (Outflows)	\$ 6.8
Total Timing Changes & Other	\$ -
TOTAL OPERATING INFLOW / (OUTFLOW)	\$ 1.1



COVID-19 Impact



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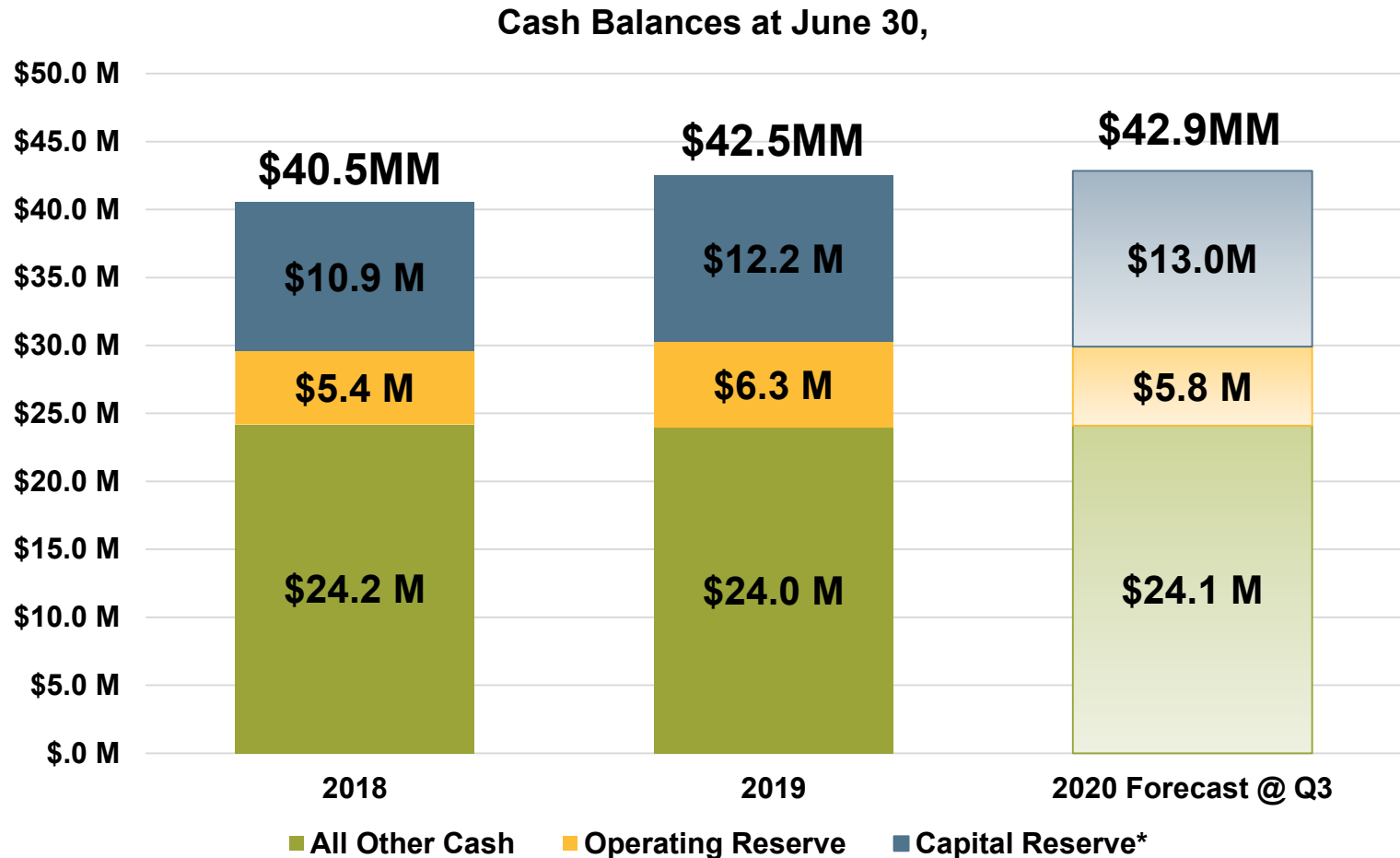
FY20 Change in Operating Reserve

	Amount
Forecast in December (@Q2)	\$1,020,000
Additional cost savings in current year	<u>2,960,000</u>
Forecast in March (@Q3) before the impact of COVID-19	\$3,980,000
COVID-19 Impact	<u>(4,470,000)</u>
Forecasted Change in Operating Reserve with COVID-19	(\$490,000)

FY20 COVID-19 Oper. Reserves Impact

Item	Cash Impact
Assume loss of 25% of Summer tuition & fees (May and June collections)	(\$3,650,000)
Slowdown in Spring collections, 100% of normal April	(2,000,000)
Estimated loss of auxiliary revenue: parking, bookstore, conferences & events, dining cash sales, ticket office, career days, recreation center, camps	(3,620,000)
COVID-19 direct Costs: technology, pay differential, study abroad students, cleaning supplies and personal protective equipment (PPE). <i>Does not include distributed inventory of laptops.</i>	(160,000)
Deferral of faculty research and scholarship work (only a deferral, would typically be spent in FY21)	1,120,000
Cost reductions: travel, utilities, food costs, other non-personnel	3,840,000
Total Estimated Cash Impact	(\$4,470,000)

FY20 Cash & Reserves with COVID-19

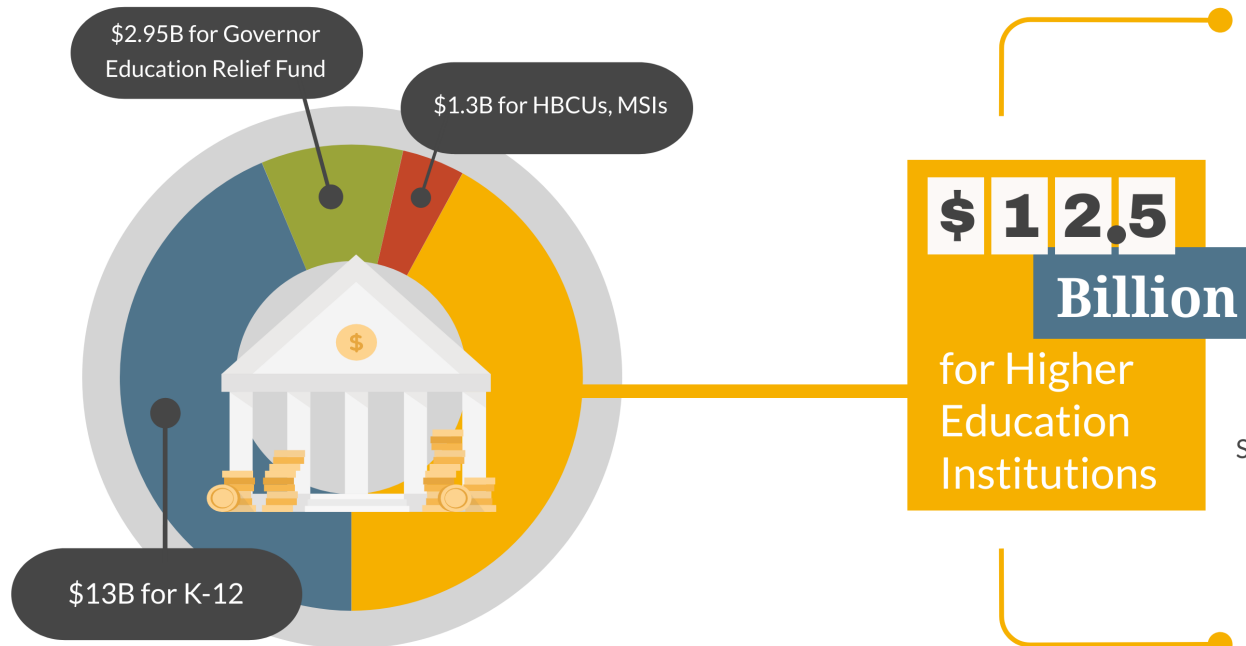


*Prior to 2019 a \$750K Bond Reserve was included in Capital Reserve

Federal CARES to UNC and our Students

Education Stabilization Fund

Distribution of \$30.75 Billion



- Total to Colorado Higher Ed \$66MM
- Compare to ARRA FY09-FY11 \$564MM

"Cash Grants" for UNC Students



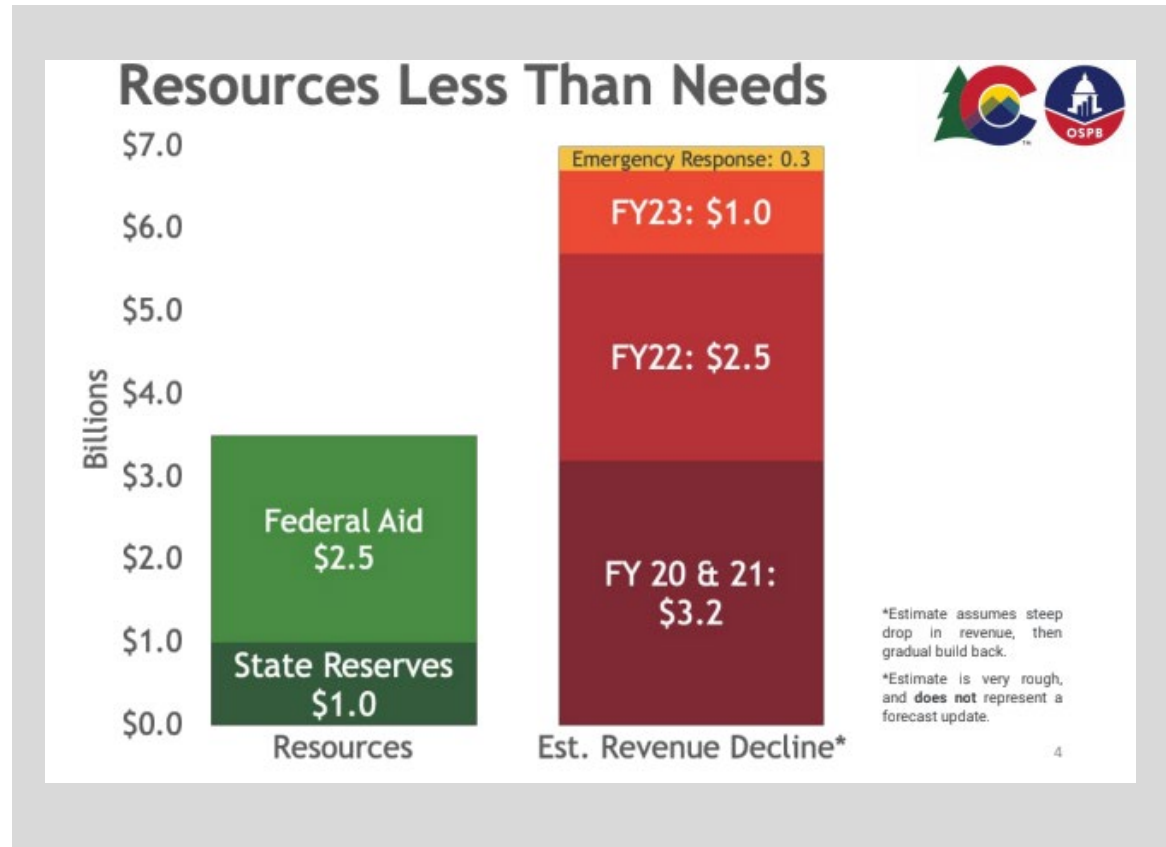
UNC Costs Associated with Significant Changes due to COVID-19



FY21 State Funding Outlook

State Budget

- Multi-year revenue reductions
- FY21
 - Revenue forecast May 12th
 - Updated figure setting documents April 27th
 - Higher Ed scenarios 0%, -10%, -20%
 - Long Bill end of May



FY21 COVID-19 Revenue Impact

Example Scenario: Courses online in Summer, In-person in Fall

Description	Pre-COVID-19 Assumption	COVID-19 Impact Assumption	Cash Impact for COVID-19 (\$ in Millions)
FY21 State funding:	5% Increase	10% Decrease	(\$7,062,000)
Federal CARES funding	Not Applicable	\$7.65MM Total – 50% Discretionary for UNC	3,825,000
UG Enrollment (compared to Fall FY20)	<ul style="list-style-type: none"> • NFT: flat • Transfer: flat • Continuing: 315 decrease • Non-Degree: flat • International: flat 	<ul style="list-style-type: none"> • NFT: 250 decrease • Transfer: flat • Continuing: 365 decrease (-50) • Non-Degree: flat • International: 50% decrease 	(3,189,000)
Graduate Enrollment	<ul style="list-style-type: none"> • Domestic: 50 decrease • International: no change 	<ul style="list-style-type: none"> • Domestic: 125 decrease (-75) • International: 50% decrease 	(1,204,000)
Auxiliary Revenue	No change	<ul style="list-style-type: none"> • Summer Conf. & Programs: cancelled • IEP: no new students • Study Abroad: no programs • Other programs: cancelled 	(1,998,000)
Housing & Dining	Reduced for Enrollment changes	Reduced for additional Enrollment changes, local students off-campus (~75% occupancy), and Spring 2020 credits	(8,907,000)
Total Estimated Cash Impact			(\$18,535,000)

FY21 COVID-19 Revenue Impact

Example Scenario: Campus online in Summer, In-person in Fall

	FY21 Budget (Pre COVID19)	FY21 COVID19 Impacts	FY21 Budget Scenario
Inflows	(\$ in Millions)	(\$ in Millions)	(\$ in Millions)
Undergrad Net Tuition & Fee Revenue (NTR)	\$ 70.2	\$ (3.2)	\$ 67.0
Grad Net Tuition & Fee Revenue (NTR)	27.9	(1.2)	26.6
Room & Board (net of waivers)	28.6	(8.9)	19.7
State Funding	49.4	(7.1)	42.4
Federal CARES Funding	-	3.8	3.8
Donor Operating Support	5.1	-	5.1
Donor Capital Support	0.8	-	0.8
Other Revenue	17.3	(2.0)	15.3
Total Revenue (Inflows)	\$ 199.3	\$ (18.5)	\$ 180.8

FY21 COVID-19 Revenue Impact

Other scenarios and potential impacts to be considered:

External Driver	Item	Sensitivity
1. State Budget	Deeper state funding reductions	5% = \$2,400,000
2. Student behavior due to economic conditions and health fears (on-campus instruction still occurs) 3. Mandated social distancing/stay-at-home in place (online-only instruction)	Fewer resident undergraduates	10 students = \$70,000 net tuition & fees
	Fewer non-resident undergraduates	10 students = \$140,000 net tuition & fees
	Fewer graduate students	10 students = \$130,000 tuition & fees
	Reduced residence hall occupancy	10 students = \$120,000 room & board
3. Mandated social distancing/stay at home	No on-campus activity fall semester	45% of all auxiliary revenue = \$23MM (including all room & board)

Summer and Fall Point-in-time Registration

Enrollment Update: point-in-time comparison to 2019

Registrations (as of 4/20/20)

Summer 2020: overall down 4.7% relative to 2019 (3,382 students registered)

- 1,892 Undergraduates have registered for summer 2020, down 13.2% relative to 2019
- 1,490 Graduate students have registered for summer 2020, up 8.9% relative to 2019

Fall 2020: overall down 3.6% relative to 2019 (5,868 students registered)

- 4,602 Undergraduates have registered for fall 2020, down 9.0% relative to 2019
- 1,266 Graduate students have registered for fall 2020, up 22.7% relative to 2019

Summer and Fall Point-in-time Confirmations

New First-Time Full-Time students confirmed for fall 2020

In total we are down 234 confirmed to attend UNC for fall 2020

- Colorado Resident - down 177 students
- Non-resident - down 27 students
- WUE - down 30 students

New Transfer Students confirmed for fall 2020

In total we are up 16 transfer students confirmed to attend UNC for fall 2020

- Colorado Resident - down 10 students
- Non-resident - up 18 students
- WUE - up 8 students

New Graduate Students confirmed for summer/fall 2020

- 227 new Graduate students confirmed for the summer, up 33 students
- 218 new Graduate students confirmed for fall semester 2020, up 43 students

FY21 Natural Savings

Example Scenario: Courses online in Summer, In-person in Fall

Examples	Cash Impact
Savings on food costs	\$660,000
Travel savings (non-Athletic travel in July/August)	\$190,000
Utilities savings (buildings closed in July/August)	\$375,000
Other non-personnel savings (campus closure for remainder of summer)	\$500,000
No Salary increases	\$2,600,000

FY21 Considerations

Operational Strategies



Buildings:
close, rent, etc.



**Evaluate Academic
& Student Programs**



Furloughs



Outsourcing



**Salary
Decreases**



**Athletics
Reductions**



**Faculty & Staff
Reductions**

FY21 Considerations

Cash Enhancement Strategies



**Defer
Technology**



**Defer
Capital**



**Defer Strategic
Investments**



**Refinance
Bonds**



Silver Lining



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Students First – Student Support

Housing

- Current residents – 509
- Checkouts – 1,398
- Returning RAs 52/80

Dining Services

- Safety precautions
- ~100 students/day
- Passover & Easter meals
- Senior meals 314/day



Center for Career Readiness

- 749 jobs from employers
- 151 internships

Counseling Center

- Tele mental health
- 375 clients/2 weeks

Disability Resource Center

- Faculty All-Star Awards

Cesar Chavez Cultural Center

- Intrusive outreach <2.0 GPA

Cultural Services

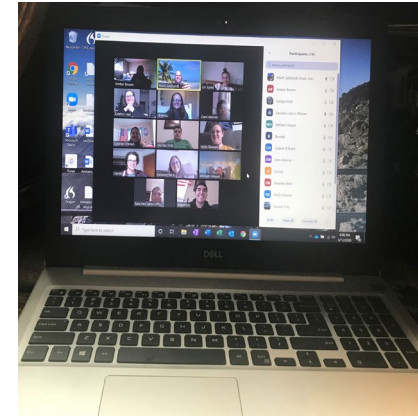
- Virtual study tables-STEM tutors

Campus Recreation

- Virtual workshops – cooking classes and fitness activities ~3400 followers

Gender and Sexuality Resource Center

- Student created video engagement



Students First – Collaborations

One-to-One Directed Outreach

- 263 individuals; 90+ desire further contact

Bear Pantry

- 159 Bear Share swipes
- \$6,500 Colorado grant: Blueprint to End Hunger

United to Nurture our Community

- 450 cards to health care providers & nursing home residents; 150 to UNC students



Panel Discussion

- Color of Covid19: Impact on communities of color

Virtual Art Show

- Libraries, Performing and Visual Arts, Student Life



UNC Club Hockey celebrates final chemo treatment for its "biggest fan"

Students First – Academic Support

On-line Academic Advising

- <https://www.unco.edu/humanities-social-sciences/student-success/>

Practicum and Clinical Experiences

- Speech Language Pathology
- Applied Psychology and Counselor Education

School of Teacher Education

- https://drive.google.com/open?id=1O_qwH7jw2YxqW4cuLwPPPgFYf-m-NFSH

UNC Research Day

- <https://www.unco.edu/honors-scholars-leadership/aew/research-day.aspx>
- <https://www.youtube.com/watch?v=sJhzwpUOMDg&feature=youtu.be>

College of Performing and Visual Arts

- <https://soaddigitalgallery.com/>



The Path Forward



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