University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

CU Denver - FY 2020-21 Budget Fact Sheet	
General Operating Budget Reduction	**Amount**
Scenario A	**($2,594,970)**
Scenario B	**($2,594,970)**
Scenario C	**($2,594,970)**

Summary

In order to address a tuition revenue shortfall in the current fiscal year, CU Denver is planning for an ongoing general operating reduction of $2.6 million in fiscal year 2020-21. This budget reduction is part of multi-year process to close the shortfall with permanent, strategic budget reductions.

Rationale

Student tuition and fees account for 80 percent of CU Denver's budget. This high reliance on tuition means that fluctuations in enrollment, even small ones, can have an adverse effect on the university's budget. In developing the FY 2019-20 budget, enrollment projections included a modest growth estimate of .4%. As of Fall 2019 census, headcount was under budget by 2.2% (344 students), resulting in an estimated annualized tuition shortfall for FY 2019-20 of $3.7 million. The general operating reduction for FY 2020-21 reflects addressing the current year revenue shortfall, while at the same time planning for mandatory cost increases and continued investment in priorities such as institutional financial aid and the tuition stabilization reserve.

To address this fiscal challenge, campus leadership developed principles to guide decision-making related to the budget reduction process:

- Cannot rely on one-time funds and reserves to solve the budget shortfall
- Requires immediate action and long-term planning for action
- Continue to invest in priorities
- Budget reductions must be strategic in nature
- Reflect a shared commitment for the fiscal health of the campus
- Utilize the incentive based budget model process

Utilizing these principles, CU Denver has adopted a multi-year approach to bend the cost curve and achieve permanent, strategic budget reductions.

Beginning in Fall 2019, CU Denver identified reduction targets for academic and administrative units. While the FY 2019-20 target will be achieved through a mix of one-time and ongoing reductions, the FY 2020-21 amount must address total cumulative ongoing budget reduction target for both years.

Through March of 2020, academic and administrative units will be developing plans to achieve budget reduction targets. Campus leadership will review and approve all reduction plans in April with the goal of implementing ongoing budget reductions in advance of the start of FY 2020-21.

Budget Detail

Operating Calculation	FY 2019-20	FY 2020-21
Original Budget	$33,144,425	$30,644,425
Ongoing Reductions	$(2,500,000)	$(3,750,152)
Mandatory Increases	$ -	$1,155,182
Subtotal Changes	**$(2,500,000)**	**$(2,594,970)**
Adjusted Budget	**$30,644,425**	**$28,049,455**

The FY 2020-21 General Operating budget reflects $3.7 million of reductions but includes mandatory cost increases (AHEC, technology licenses, multi-year contracts) of $1.1 million for a net budget decrease of $2.6 million. In addition, the reduction reflects a shared commitment for the campus to provide a compensation pool (at 1% for Faculty and Exempt staff) while investing in Institutional Financial Aid and the tuition stabilization reserve.

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CU Denver - FY 2020-21 Budget Fact Sheet	
Institutional Financial Aid	**Amount**
Scenario A	**$793,609**
Scenario B	**$520,040**
Scenario C	**$1,199,967**

Summary

Affordability for students is an important strategic priority for CU Denver and the Board of Regents. CU Denver is intentionally focusing resources in fiscal year 2020-21 toward the institutional financial aid budget to lower the out-of-pocket costs for students.

Rationale

CU Denver is committed to a future where every student with the capability and the desire to earn a CU Denver degree can do so without a financial barrier. CU Denver continues to focus nearly all institutional aid strategy on those students with documented need and the first two quintiles of Household Adjusted Gross Income (up to $60,000). This budget initiative will help address affordability at CU Denver for individuals and families who are the most susceptible to changes in economic conditions.

Budget Detail

The current year FY 2019-20 education and general fund institutional aid ongoing budget is $14.1 million (excluding school and college investment). If the initiative is approved, CU Denver could provide an infusion of additional resources to use for recruitment and retention scholarships. This budget increase would provide funding to offer up to 800 additional students (based on Scenario C) with the current average institutional aid award assuming no change to the financial aid awarding strategy in FY 2020-21. At the same time, CU Denver is working with a consultant to develop strategies to optimize the use of financial aid, between recruitment and retention awards with a focus on affordability. With the continued efforts of the CU Denver Lynx Up scholarship campaign and additional E&G institutional aid investment, the total investment (including aid funding from private donations) will increase in FY 2020-21.

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CU Denver - FY 2020-21 Budget Fact Sheet	
Enrollment Contingency & Tuition Stabilization Plan Ratio	**Amount**
Scenario A	**$793,609**
Scenario B	**$520,039**
Scenario C	**$1,199,966**

Summary

This request is to provide an increase to CU Denver's Enrollment Contingency Reserve. If approved, this will provide an additional cushion against future economic downturns by increasing the level of reserve funds. The ability to maintain quality academic offerings while achieving relatively low tuition increases is subject to state funding, and additional enrollment contingency funds will help us continue to keep tuition in check in uncertain times.

Rationale

CU Denver is highly reliant on both resident tuition revenue and state funding as sources of revenue for the Education and General (E&G) Fund budget. The high reliance on these two sources of funding means fluctuations in enrollment, specifically resident tuition revenue, impact the budget and the ability to maintain and support current academic offerings. Increasing the enrollment contingency supports the financial sustainability of the Denver campus by setting aside funds that can be used to keep CU Denver tuition and fee increases low while protecting educational programs for students in the event of a reduction in state funding or unforeseen changes in enrollment.

Budget Detail

Included in CU Denver's Enrollment Contingency is the Emergency Tuition Stabilization Ratio which is calculated at 4% of E&G Revenue. The current balance in this fund is $8.9 million, it is estimated CU Denver will utilize $2.1 million of the reserve to close the revenue shortfall in FY 2019-20. The requested increase for enrollment contingency will replenish funding in CU Denver reserves and continue progress toward the 4% funding level in Fiscal Year 2020-21.

Enrollment Contingency Calculations	Scenario A	Scenario B	Scenario C
Current Enrollment Contingency Balance	$ 8,900,000	$ 8,900,000	$ 8,900,000
Estimated FY 2019-20 Revenue Shortfall	$ (2,129,413)	$(2,129,413)	$(2,129,413)
FY 2020-21 Initiative Request	$ 793,609	$ 520,039	$ 1,199,966
FY 2020-21 Enrollment Contingency Balance	$ 7,564,196	$ 7,290,626	$ 7,970,553
Percent of E&G Budget	3.40%	3.28%	3.58%

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CU Anschutz Medical Campus - FY 2020-21 Budget Fact Sheet		
Education Buildings Audiovisual Equipment Replacement		**Amount**
Scenario A	**N/A**	**$0**
Scenario B	**N/A**	**$0**
Scenario C	**Ed Buildings AV Equipment Replacement**	**$1,109,157**

Summary

The Education Buildings Audiovisual Equipment Replacement initiative is focused on renovating space to better support our students and faculty. Specifically, these funds will be used to replace original and end-of-life AV equipment, outdated computers and wireless microphones in the Education 1 and Education 2 buildings.

Rationale

AV Equipment:

There are currently seven 75-seat classrooms with original AV equipment installed in the Education buildings, with technology coming to end-of-life. These rooms are using failing and outdated analog technology, and there is no reasonable way to make repairs to existing antiquated classroom equipment; they must be replaced. This means transitioning from equipment that connects via analog VGA to equipment that uses digital HDMI connections. This is the current/modern standard, and it requires that not only the hardware be replaced, but also requires reprogramming of the corresponding control panels and cabling. We need to update to laser (bulb-less) projectors, reprogram control panels, upgrade podium computers, and integrate Apple TV and/or AirMedia to enable wireless presentation (which is currently unavailable). These rooms are heavily used by all schools and colleges every day.

Two rooms in Ed1 are two story auditoriums, and every time a bulb needs to be replaced, a window of time where there are no events are scheduled must be found, and scaffolding set up in order to access the projector and change the dead bulb. These projectors need to be replaced with the newer laser projectors that do not depend on bulbs to run, and will not require the downtime for maintenance and bulb replacement.

Computer Labs

Of the hundreds of computers maintained in the Education buildings, including the computer teaching labs and the classrooms, there are roughly 30 PCs over 7 years old facing capacity issues. The capacity issues could render the educational programs housed on these computers inoperable at any point, and are in desperate need of immediate replacement. Recurring funding would allow the 200 total computers in the labs to be converted from a 5-7 year replacement cycle to a 3-5 year replacement, keeping computer labs and technology relevant.

Wireless Microphone Systems

Multiple classrooms in the Ed buildings are equipped with 600 MHz frequency wireless microphone systems. As of June 30, 2020, the FCC has made that frequency illegal for public use (now restricted to first responders and emergency). Due to this change, we are now required to replace these microphone systems regardless of their age or functioning status. This is an unexpected but mandatory expense; therefore, if Anschutz does not receive funding, they will have to reprioritize reserve funding.

Budget Detail

Equipment	Estimated Cost
Analog AV Equipment Replacement and Upgrade for 7 classrooms	$ 840,000
Digital Cabling Upgrade	$ 90,000
Teaching Lab Computer Replacement and Refresh	$ 112,000
Wireless Microphone System Replacement	$ 67,157
TOTAL	**$ 1,109,157**

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CU Boulder - FY 2020-21 Budget Fact Sheet	
Student Success Initiatives	**Amount**
Scenario A	**$7,482,194**
Scenario B	**$7,482,194**
Scenario C	**$7,482,194**

Summary

CU Boulder's ability to make progress on retention, graduation, and degree-granting goals will be enhanced by investments in instruction and an implementation of a student-centered approach to learning.

Rationale

Enrollment Growth Support ($6,482,194):

The Boulder Campus continues to experience growth in enrollment. Because enrollment increases create pressure on existing resources, the campus is providing additional funding to the schools and colleges to ensure a quality experience for students.

For overall undergraduate enrollment growth, additional funding is distributed to schools and colleges based on a formula that considers growth in student headcount and the number of credit hours taught, within each school and college. The funding provided to the schools and colleges is used primarily for direct instructional costs, advising, and unit-based student support, including classroom supplies. This funding is allocated to the units based on their enrollment growth and hours taught. It is designed to cover the cost of additional instruction, advising needs and any other possible unit based initiatives. The majority of the funds do go towards new faculty and instructors as units need additional instruction to offset the additional student demand. CU Boulder will know the number of FTE hired after Fall 2020 census.

Student Centered Approach to Learning ($1,000,000):

The Boulder campus is in the process of implementing recommendations developed through the Academic Futures visioning process. The Foundations of Excellence initiative aligns with Academic Futures with a goal to improve the campus experience for all first-year students. This has led to the creation of cross-campus programs that promote successful curricular and co-curricular pathways for students. Small cross-campus first-year seminars are a key component of this effort, and a newly formed Center for Teaching, Learning and Outcomes Assessment will support the collaboration between departments and student data assessments.

A key component of this initiative is the development of consistent cross-campus programs and support services designed to assist new students in a successful transition to the CU Boulder campus. Providing students with a common first year experience builds a solid foundation of core values and skills which lead to student success and retention in their college experience. Funding for FY 2020-21 will focus on CU 101 classes, a first-year seminar, program assessment and the formation of a Center for Teaching, Learning, and Outcomes Assessment.

Budget Detail

Topic	Scenario A	Scenario B	Scenario C
Enrollment Growth Funding	$6,482,194	$6,482,194	$6,482,194
CU 101 Classes	$48,150	$48,150	$48,150
First Year Seminar	$238,050	$238,050	$238,050
Program Assessment	$393,280	$393,280	$393,280
Center for Teaching, Learning and Outcomes Assessment	$320,520	$320,520	$320,520
TOTAL	***$7,482,194***	***$7,482,194***	***$7,482,194***

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UCCS - FY 2020-21 Budget Fact Sheet	
General Operating Budget Reduction	**Amount**
Scenario A	**($7,537,807)**
Scenario B	**($7,980,623)**
Scenario C	**($6,770,615)**

Summary

The UCCS general operating budget shows decreases in all scenarios due to four main factors:

1. A decline in actual enrollments
2. Holding tuition rates flat in FY 2019-20
3. The carryover from the FY 2019-20 budget deficit addressed by one-time measures
4. A projected decrease in enrollments in FY 2020-21 due to large graduating classes over the last two cycles and unknown variables regarding this coming fall enrollment.

Marginal increases in state support do not off-set these enrollment challenges.

Rationale

General operating decreases result from a combination of tuition rates held flat, actual enrollment coming in less than budgeted in FY 2019-20, and projected enrollment declines in FY 2020-21. General operating will see a 34.3% decrease in scenario A ($7,537,807); 36.3% decrease in scenario B ($7,980,623); and 30.8% decrease) in scenario C ($6,770,615). Despite a 3% tuition increase in each of the FY 2020-21 scenarios, there is a negative change to the operating budget due to the $5 million budget deficit in FY 2019-20, increases in mandatory expenses (primarily driven by the compensation pool) and a projected enrollment decline for Fall 2020.

FY 2019-20 Budget Cuts

The FY 2019-20 budget deficit is $5 million. Although several budget cut scenarios were presented to the Chancellor's Cabinet, UCCS decided to allocate the cuts to the campus based on a proportional amount and student credit hours production. First, $1 million was transferred from campus base lines that are identified to help fund the Emergency Tuition Stabilization fund. After these reductions, each college/department was allocated a cut amount and they have up to three years to meet the remaining budget shortfall assigned to their area. Colleges and departments will report out their individual cut plans to meet their designated targets during the Annual Budget Review process, held in February at the campus. At this time, the campus has identified $2.3M in base cuts to be taken in FY20 with the rest coming from one-time strategies and reserves. The campus will carryforward a $2,667,196 deficit into FY21.

FY 2020-21 Enrollment Projection

UCCS uses a persistence model to estimate student headcount progression toward graduation. The persistence data is based on historical trends and graduation rates. A leading input is the estimate of new enrollment for fall; however, UCCS's two best predictors for fall enrollment will not be known until end of February; namely, Decision IQ (an EAB enrollment intelligence indicator) and Orientation reservations. Lacking this information, the model's projection only shows the expected impact of graduation numbers. Refined estimates for Fall 2020 will be available by the April Board of Regents meeting.

FY 2020-21 Budget Reductions

The combined budget deficit in general operating is estimated at $6.7 million. To meet the budget reductions, UCCS will have to eliminate the Enrollment Contingency fund, which will impact the ability to handle any further enrollment declines and/or state funding fluctuations. UCCS will also have to eliminate its Controlled Maintenance fund. After draining those funds, UCCS would then have to pass on additional budget reductions to campus departments, based on either student credit hours, across-the-board, proportional cuts, or a combination of these calculations. The cuts negatively impact the ability to meet the 4% Emergency Tuition Stabilization fund for the next three to four years. UCCS is monitoring enrollment and as projections become more solid, UCCS will develop final strategies after fully recognizing the depth and breadth of the problem.

Budget Detail

UCCS budget cut details will be provided during the campus annual budget review process in February. During the review, campus departments will describe and explain their budgets, actuals and reserves. This February review will include each department's strategy on taking base budget cuts.

UCCS - FY 2020-21 Budget Fact Sheet	
Approved Academic Programs	**Amount**
Scenario A	**$1,395,146**
Scenario B	**$1,395,146**
Scenario C	**$1,395,146**

Summary

UCCS proposes allocating $1,395,146 to support on-going instructional needs within the Academic Affairs units in FY 2020-21. This funding will allow the creation of new programs to meet the needs of our students and community and will fund ongoing instructional needs, like tenure track faculty, non-tenure track faculty, staff, library materials, marketing and travel funds.

Rationale

UCCS continues to strive to meet changing instructional needs, as the campus has grown by 10.5 percent (1,162 students) since FY 2013-14. One strategy developed to manage this growth in academic programs is creating models that monitor performance. Upon achieving the performance goals, funding is allocated to a program in order to cover the instructional costs driven by the actual enrollment.

The new programs and their payouts, which are listed below, have already gone through a rigorous vetting process. The programs are based off needs in our community, state or national level. The colleges determine if the program would be sustainable on its own after five years through a proforma process. If there is enough market and student demand for the program, the colleges pass on their proformas to the Office of Budget and Planning to have their numbers (tuition rates, enrollment, salary rates, etc.) reviewed for accuracy. After passing this step, the program is proposed at a University Board Advisory Committee (UBAC) meeting. UBAC will discuss and debate the merits of the program and its specifics. If UBAC feels the program is financially sustainable and good for the university, they will recommend it for approval to the Chancellor. If the Chancellor approves the program, it will go on to the Board of Regents for their final approval.

These programs are created with the knowledge that their costs will be covered or exceeded by revenue brought in through the different classifications of tuition within one to five years. Depending on the classification, the student is given a weighted value to reflect the revenue they generate.

Note: At this time, funding is based on a three-year rolling average for estimated enrollment numbers. This allows the colleges time to get their program up and running and gives a more fluid method of showing enrollment growth.

The academic programs in consideration for this initiative funding include:

Program	Preliminary Estimates	Projected Enrollment Change
Sports Management	$320,421	17
Exercise Science	$134,738	116
Human Services	$225,817	42
Data Analytics and Systems Engineering	$92,938	3
Music	$9,276	3
Intercollegiate Athletics	$20,000	
Bachelor's – Social Work	$229,856	35
Master's – Social Work	$362,100	30

<u>Budget Detail</u>

The initiative request amount, $1,395,146, was calculated using projected program enrollments. Once enrollment is verified late spring semester, complete or partial program funding will be allocated retrospectively in the following fiscal year. In addition to the academic program support, this funding will support ongoing instructional needs, like tenure track faculty, non-tenure track faculty, staff, library materials, marketing and travel funds associated with the programs.