**February Faculty Assembly Committee on the Budget Report**

The **University Budget Advisory Committee** (of which FACB members are constituent members) **met on February 27th**. The bulk of the material was the public unveiling of some of what the UBAC Retreat covered in a more preliminary fashion a month before.

Before I share the budget scenarios, I want to point to two other things that are covered in the UBAC slides (see link below**), how cuts were taken over the last 5 years** (4 years with cuts; slides 18-21) and **an accounting of the CU President’s and CU Foundation initiative funding that ends over the next several years** (slides 52-54). You will also see that the campus used about $2 M of existing base reserves to blunt the effects in two of the cut years, as well as a lot of one-time funding (both reserves and external funds) in FY21.

The legislative process that determines the amount of state funding available was delayed this year. Usually by January both the governor and the legislature’s Joint Budget Committee have issued their budget requests. This year **it remains to be seen what direction the legislature is likely to go**. Hopes are high that, as in recent years, the legislature places a higher priority on higher education funding than does the governor. This means **there is something on the order of a $100 M possible swing in how much the state higher education budget may be increased**. However, the actual range of possibility is narrowed by the expectation that lower tuition increases will be allowed if the state funding increase is larger. **UCCS’ expectations are also impacted by the uncertainty around the state’s continued funding of the Cybersecurity Initiative (at $2.8 M**). **If Cyber funding is extended, we would be looking at state funding increases between $4.5 M and $7.6 M. Without the Cyber funding, those increases shrink to $1.7 M to $4.8 M**. If UCCS only picks up the required expenses in that event, we would save about $2 M on the expense side. **We would be better off by a net of about $800,000 in each of the next three years if the legislature renews Cyber funding for that period**.

**Expenses are pretty well fixed at increasing by between $6.2 M** (with no compensation for faculty and staff and with Cyber funding) a**nd $8.8 M** (with a 2% compensation increase for faculty and staff and no Cyber funding). A 4% compensation increase with Cyber tops out at an $11.3 M increase in expenses.

There’s a whole table on Slide 43 of the UBAC powerpoint (<https://uccsoffice365.sharepoint.com/:p:/s/UniversityBudgetAdvisoryCommitteeUBAC/EWy-wxLSVzdIiXkVfFl-5sMBQtjVjiZJNZFrjvfUtOPxrg?e=GL2bIO>), but **the most likely outcome based on the feedback UBAC received on whether to have a 2% compensation pool (yes) is a gap of $3.9 M** between revenues and expenses next year. Last year’s budget cuts were about $3.4 M.

**We won’t really know until after the Boad of Regents meeting in April** what it looks like to balance the FY 25 budget. That means the allocation process of any cuts will not be as measured as we would like it to be. Some of the discussions below may produce guidance that will help us make better choices about FY 25, but the kind of process I hope we all want is not likely to be fully-realized this year. **Your FACB representatives on UBAC will do everything we can to promote transparency and balanced consideration for this year.**

**No matter what we do for FY 25, we will still be facing many tough choices** about initiatives that were begun with President’s and CU Foundation one-time funding. Some we can choose not to continue funding, others will be harder to call an end to. **We also need to reckon with the continuing rise in costs (including compensation) at a time when increases in tuition and state funding may not be sufficient to cover those costs.**

This brings us to setting priorities for both initiatives and continuing activities. The campus will be holding **Campus Priority Conversation Days on Friday, March 22, and Monday April 22**, asking faculty, staff, and students to provide input on:

* Campus priorities
* Activities that need additional investment
* Activities we should stop
* Activities where additional data would be useful

This, along with a wider data identification effort, will be used as part of a fall 2024 planning effort to identify the budgetary path forward over FY 25-26 – FY 27-28.