From: UCCS Faculty Assembly List <FA-l@lists.uccs.edu> on behalf of David Moon cmoon@uccs.edu <FA-l@lists.uccs.edu>
Sent: Wednesday, May 4, 2022 5:35 PM
To: FA-l <FA-l@lists.uccs.edu>
Subject: [FA-l]Final Budget Committee Report

Back on April 10, I shared the basic outlines of the budget situation going into the next academic year. We got some more details last week in the University Budget Advisory Committee meeting. I am still unclear on a few things, but with the final Faculty Representative Assembly meeting and course finals looming, I am going to explain things as best I can now rather than waiting to learn more.

If you read nothing else:

- **State funding (9.7%) and tuition (2% resident and 3% non-resident) are both increasing** substantially
- There will be a **3% base salary increase starting in January** if fall enrollment targets (-1.8%) are reached
- In addition to the salary increases, there are **$3M in required expenditure increases and almost $1M in Equal Pay for Equal Work salary equity adjustments and hourly pay increases for student employees** (to $14/hour)
- That leaves about **$1M in net new revenues** for FY 22-23
- UCCS has **$4.9M** in unfunded existing continuing expenditures (**deficit** currently covered with COVID and other one-time funding)
- Barring a positive change (e.g., beating our enrollment target) and after applying net new revenues **there will be almost $4M in budget cuts** distributed across all support units and some colleges
- **We will be getting millions of one-time dollars over the next five years** to undertake a number of important and worthy initiatives

The only thing that's really changed from the April 10th report is that we now know the extent of the spending increases, the amount of the existing deficit, and at least some things about the one-time initiative dollars heading our way. I will add a little more explanation as best I can.

The now passed long bill (AKA **the state budget) included an 11% increase to higher education**. CU's increase was about 10% and **ours was 9.76%**. **That amounted to a whopping $6M dollars.** No matter what else we think about the budget situation, we should acknowledge we would be much worse off if the legislature hadn't recognized the value of higher education and some of the challenges we face.

The Board of Regents were persuaded that **UCCS needed to raise tuition by 2% for resident undergraduates and 3% for non-resident and graduate students**. Some standard credit hour fees (the Student Information System and Student Technology fees) were rolled into tuition (but not increased). **The net effect of all that is about a $1.8M increase in revenue** once you take the projected 1.8% <u>decrease</u> in enrollments next year into account. **So far, so good: an almost $8M increase in revenues**.

The Board of Regents also stepped up to recognize that additional salary increases were necessary following two years of freezes and temporary cuts, and in recognition of high levels of inflation, by authorizing **$3M to raise the salaries of faculty and university staff by 3%** (classified staff were granted a 3% unfunded increase by the legislature**). Those raises start in January and depend on being <u>down no more than</u> 1.8% in enrollment** for the fall. That consumes about $3M, which **leaves us with about $5M in remaining new revenue**.

There are other increased expenditures known for the coming year, mostly **benefits** (CU is increasing its contributions to keep the increases to employees more manageable), along with **insurance, rent and debt service increases**, as well as **increases for student aid** (to offset the tuition increases) and the Kraemer Family **Library materials budget**. Those account for another $3M in new expenses. So, **now we are down to $2M still available.**

Most of you know at least something about the **Equal Pay for Equal Work Act that went into effect this year**. UCCS identified a little less than **$.5M in required salary equity adjustments**. The campus is also **raising the student hourly wage to $14/hour** (so not quite the $15 under discussion at points during the year). After those two things, **we are left with about $1M**.

And that would be great, except that **we have a backlog of two years' worth of additional expenses we didn't actually have the revenue to cover**. Those included **faculty promotions** (remember, there was no salary pool to take them out of), **a classified merit increase** not covered by the state**, benefits and insurance increases**, **increases in student aid** (over and above the direct federal funding), **library materials increases** in those years, and **the funding promised to the new** (and growing-faster-than-projected-despite-pandemic) **programs**. Put all of that together and **it totals $4.9M that we no longer have one-time dollars to cover**. All those things needed to be done, but we would have clearly not been able to cut enough in other places during the pandemic to cover them. **Now we need to transition from those one-time funds to base funds.**

We're applying the $1M of unspoken-for new revenue, but that still leaves almost $4M to come up with. That's a dispiritingly large bite to take out of everyone's budgets (about 2.3%). I'm assured that **the distribution of those cuts will somehow take the implementation of the Budget Allocation Model into account** (I've asked for an opportunity to discuss that in more detail), but as of right now, it's not entirely clear to me. It probably doesn't matter to most of you, since **we have to come up with the $4M with or without BAM**. Before you ask, **UBAC was not told how those cuts would be distributed across colleges or support units**.

I don't have to leave you on that down note, however (although it's hard to know how to think about what I have to share next). The CU system did extremely well with its investments during the pandemic. As a result, **there was a fairly large windfall (hundreds of millions of dollars)**. **The president and the regents determined that the best use of the bulk of those funds was to distribute them to the campuses** in the form of "grants" (one-time dollars) **spread over the next five years that aligned with the CU system's strategic plan and priorities**. **UCCS will receive a sizeable share of that "grant money"** (to be clear, these were not competitive, but we had to propose what the funds would be spent on). **It is important to be very clear, though, that, like grants, when the grant runs out so does the money**. Therefore, the funds need to be allocated to things that are either one-and-done (like capital construction), or that will bring in new revenues, or that will prove themselves valuable enough for the campus to pick up the costs when the funding ends. An example of the latter may be **graduate assistantships (an additional $1M a year for five years)**. Some of the other projects that I know less details about include **deferred maintenance, expanding gender-neutral restrooms and lactation spaces, an Engineering Building renovation, and energy audits and improvements**. There is also funding for **enrollment management** (a VC, additional recruiters and other staff, expanded marketing, and other things), **faculty development** (including a Faculty Affairs office), **Research Office funding** to improve support for non-federal funding sources, and **student retention. It will be a lot of money and it will almost certainly do a lot of good**, but it is jarring to be welcoming it at the same time that we are taking cuts. All I can say is that **the system and the campus seems to me to have chosen well on what to invest in** and we need to take full advantage of this funding.

See you on Friday (and the Friday after that),

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FY23 UCCS E&G BUDGET

CATEGORIES		DOLLAR AMOUNT		NOTES
Changes in Revenues:				
State Support		6,147,167		9.76% increase from the state and additional funds due to CU internal reallocation formula
Tuition		4,049,459		Tuition includes rate increase of 2% for Resident UG and 3% for Non-resident and Graduate AND 1.8% enrollment decline ATB as well as switch in SIS and STF fees
Fees		(2,202,826)		This represents rolling the SIS and Student Technology Fee into tuition
Total New Sources		**7,993,800**		
Changes in Expenditures:				
3% comp pool		3,058,724		3% comp pool for faculty and university staff to be allocated January 1 if enrollment targets are met; 3% comp pool for classified to be allocated July 1
FY22 3% merit		1,665,426		Recurring cost of 3% merit pool for faculty and university staff given on January 1
Benefits (includes 12.1% HLD increase and retirement)		2,767,361		Includes 12.1% increase for Health, Life and Dental benefits as well as retirement increase
Insurance premiums		54,915		Increase for property, crime, and liability insurance
Leases/Rent		8,001		Space for GPS
3% Student Aid		409,620		To allow for equal purchasing power for tuition rate increases
4.9% Library inflation		78,400		To cover inflationary increases in library materials
Debt Service (Osborne, Hybl)		225,100		Build up continuing budgets needed for debt service payments
Overall decrease in ICCA		(2,231,452)		Includes planned increases to ICCA for targeted efforts and decreases due to CU System office covering cost of FY22 3% merit
Subtotal Uses		**6,036,095**		
Balance Available (sources less uses)		**1,957,705**		
Initiatives:				
EWEPA		467,789		To cover costs of salary issues due to EPEWA as identified by HR
Base Wage Adjustment		434,009		To help cover the increased cost to increasing student hourly rate to $14/hr
Total Campus Initiatives		**901,798**		
Adjusted Balance Available		**1,055,907**		May be used to help offset FY21 and FY22 budget deficits that have been temporarily covered by campus
E&G BUDGET COMPARISON		**DOLLAR AMOUNT**		**NOTES**
FY22 E&G Base Budget		**163,545,277**		These budgets include a $4.9M deficit from FY21 and FY22 that will need to be allocated in FY23 and resolved in FY23.
FY23 E&G Projected Budget		**171,539,077**		These budgets include a $4.9M deficit from FY21 and FY22 that will need to be allocated in FY23 and resolved in FY23.

$4.9M budget deficit covers:

- Faculty promotions
- 3% Classified merit
- Benefits
- Student Aid
- ICCA
- Library inflationary increases
- Insurance premiums
- Debt service
- FY21 Proformas