



**COLORADO STATE
UNIVERSITY**

Budget Open Forum FY25 Incremental Budget

Presented by: Brendan Hanlon
Vice President of University Operations
Chief Financial Officer
Colorado State University
April 30, 2024

Agenda

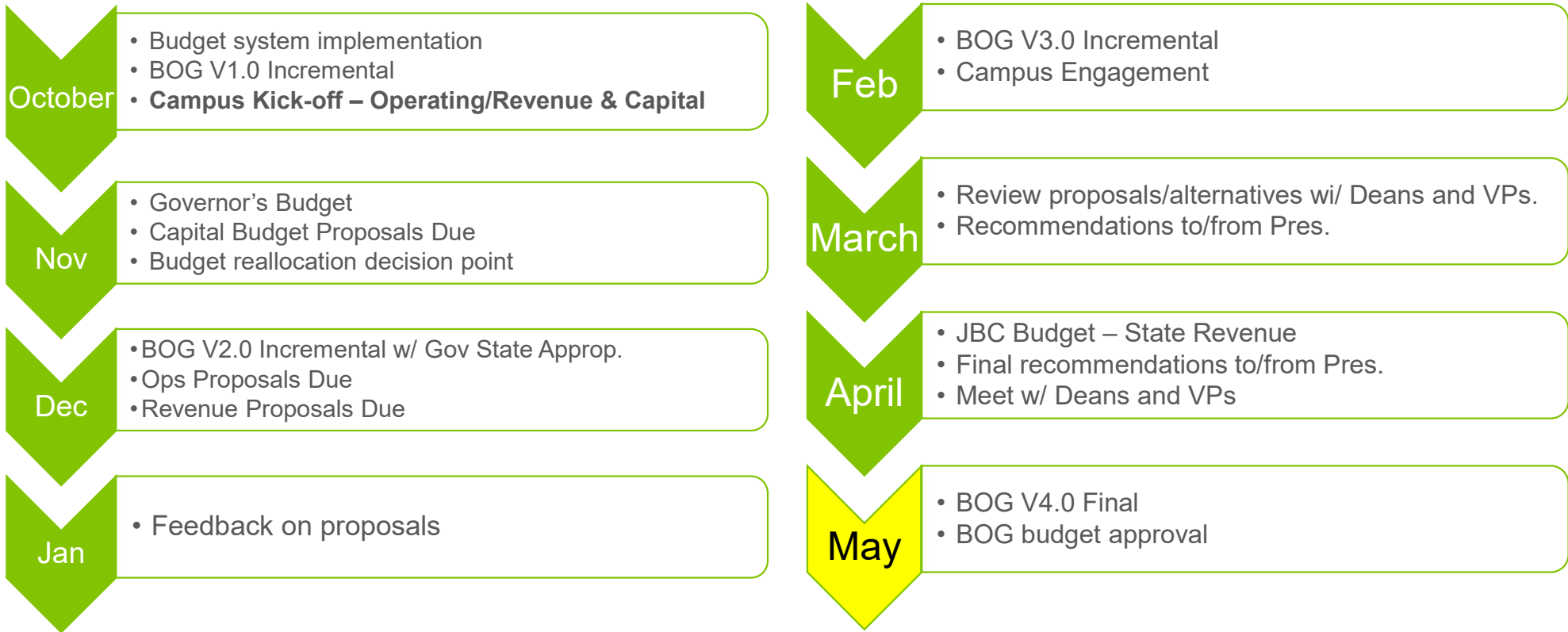
- Introductions
 - Angie, Marion and Rick
- V4.0 Incremental Budget
- Future Budgets
- Next Steps



E&G Incremental Budget Summary



FY25 Budget Development Calendar*



*Budget model redesign meetings will be taking place during this period.

State Budget Update

- Allowable tuition increases are set by the State and are typically a factor of proposed state funding increases.
- Approved state appropriation and tuition guidance from the State
 - State funding – 9.4% (FFS)
 - UG Resident tuition rate (cap) – 3%
 - UG Non-resident tuition rate – 4%*
 - Grad Resident and Non-Resident – 3% based on market

*Non-res is being described as a recommended limit rather than a cap.

FY25 Budget Versions

V1.0 - October

- CSU Estimates
- 5% State Appropriation
- 3% or 0% Tuition Rate

- Budget gap of \$37-27M

V2.0 - December

- Governor's Budget Proposal
- 3% State Appropriation
- 2% Tuition Rate

- Budget gap of \$25M-\$12M

- 2%, 4% and 6% reduction targets (January)

V3.0 - February

- Institute of Higher Ed Leader Counter Proposal
 - 2% Tuition Rate, 11% State Approp.
- Governor's proposals and double Governor's Proposal

- Budget gap of \$26-\$12M

V4.0 – May (Final)

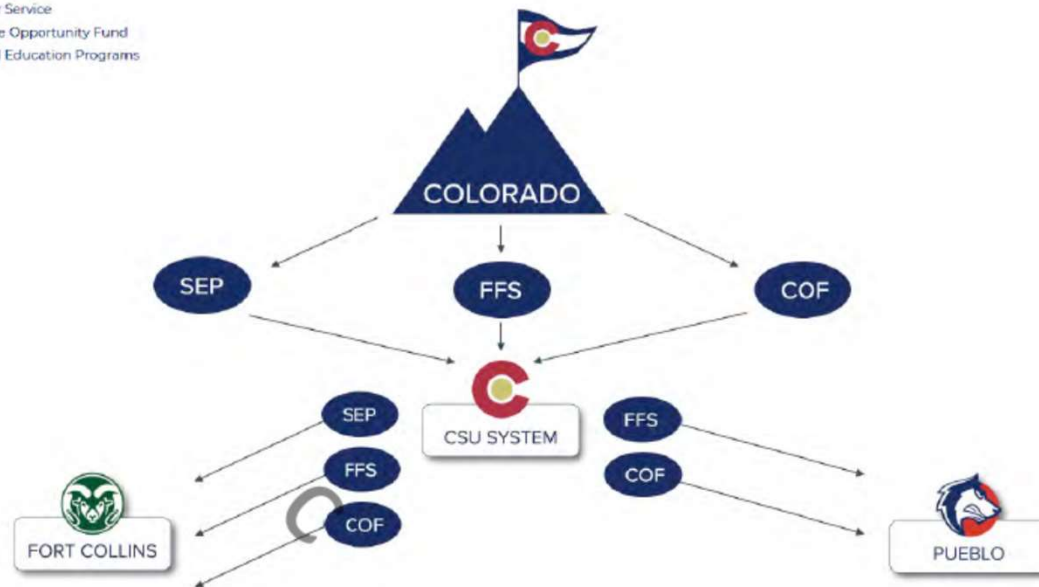
- 3% RUG Tuition Rate, 9.4% FFS State Approp.
- 4% NRUG based on market review and State recommended limit.

- Budget balanced

*All tuition rates are resident undergraduate. Non-resident has been model at 4% for all scenarios.

State dollars (excl tuition) flow to CSU with statutory requirements

FFS - Fee For Service
COF - College Opportunity Fund
SEP - Special Education Programs



Revised BOG Flow of Funds

Revised BOG Flow of Funds

FY25 Incremental Budget

		1A	1B
16	State Funding Impact - FFS	10,100,000	7,600,000
17	State Funding Impact - System Office	-	(5,491,225)
30	System Office	2,500,000	(5,491,225) <i>New methodology</i>

*Net impact to the methodology change is the same in both scenarios resulting in a balanced budget

FY25 Incremental E&G Budget - V.4.0
Colorado State University - Fort Collins
Friday, April 19, 2024

Scenario 1A	Scenario 1B
Rate = 3% - RUG	Rate = 3% - RUG
State = 9.4%	State = 9.4%
Salary Inc.	Salary Inc.
FAC/AP/GA - 1%	FAC/AP/GA - 1%
SC - 3%	SC - 3%

1 New Resources		
2 Tuition		
3 Enrollment		
4 Increase/Decrease in FTE		
5 Undergraduate ¹	\$ -	\$ -
6 Graduate	900,000	900,000
7 Undergraduate Rate Increase		
8 Resident - 3%	4,799,000	4,799,000
9 Non-Resident - 4%	7,657,000	7,657,000
10 Graduate Rate Increase		
11 Resident - 3%	492,000	492,000
12 Non-Resident - 3%	757,000	757,000
13 Professional Veterinary Medicine Rate Increase	687,000	687,000
14 Differential Tuition	1,784,000	1,784,000
15 Total Tuition	\$ 17,076,000	\$ 17,076,000
16 State Funding Impact - FFS	10,100,000	7,600,000
17 State Funding Impact - System Office	-	(5,491,225)
18 State Funding Impact - SEP	8,376,000	8,376,000
19 Facilities and Administrative Overhead	3,219,000	3,219,000
20 Other	-	-
21 Total New Resources	\$ 38,771,000	\$ 30,779,775
22		
23 Financial Aid	4,167,000	4,167,000
24 Net New Resources	\$ 34,604,000	\$ 26,612,775

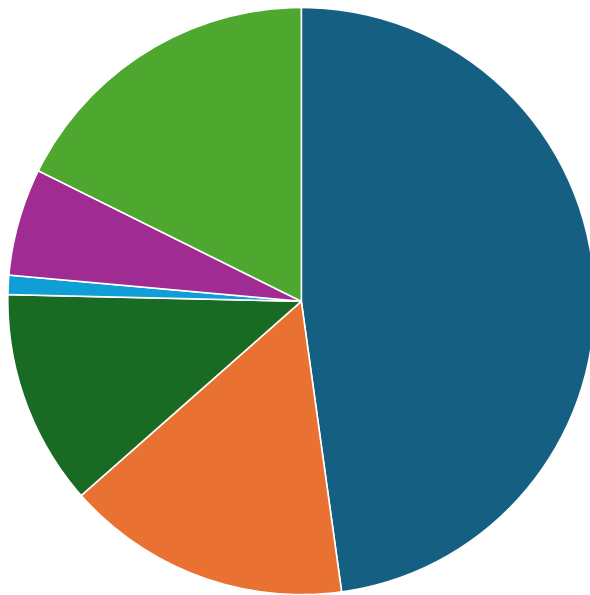
25 **New Expenses**

26	Multi-Year Central Investments in Strategic Initiatives	\$	12,139,500	\$	12,139,500	Academic investments, rural initiative, campus services, revenue initiatives and capital investments
27	Faculty/Staff Compensation		11,803,000		11,803,000	Merit raises, market adjustments, step increases
28	Academic Incentive Funding		2,275,000		2,275,000	Differential tuition, tuition sharing
29	Mandatory Costs		9,318,000		9,318,000	Bond payments, new facilities, insurance, utilities
30	System Office		2,500,000		(5,491,225)	New methodology
31	Quality Enhancements		3,283,000		3,283,000	Primarily startups, retentions and position modifications
32	Budget Reallocation		(9,425,500)		(9,425,500)	Strategic campus reductions
33						
34	Total New Expenses		\$ 31,893,000		\$ 23,901,775	
35						
36	Net New Incremental Budget Resources		\$ 2,711,000		\$ 2,711,000	
37	FY24 Budget Deficit		\$ (2,711,000)		\$ (2,711,000)	
38	Total Base Budget Overage (Shortfall)		\$ -		\$ -	

¹ FA23 enrollment has declined resulting in a \$1.3M revenue shortfall. A portion of the enrollment reserve was used to offset this revenue loss. This assumes the same level of enrollment as budgeted in FY2024.

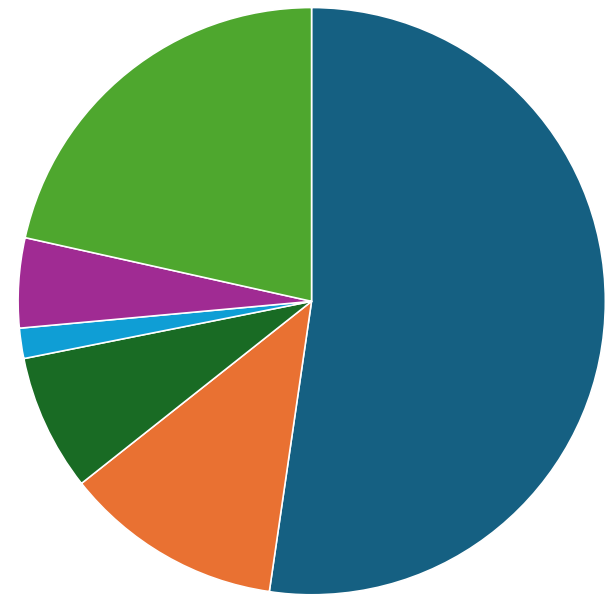


Percent of Budget



- Colleges Plus Libraries
- PVM and Agencies
- Academic Support
- President's Divisions
- Student Support
- Support Divisions

Percent of Reductions

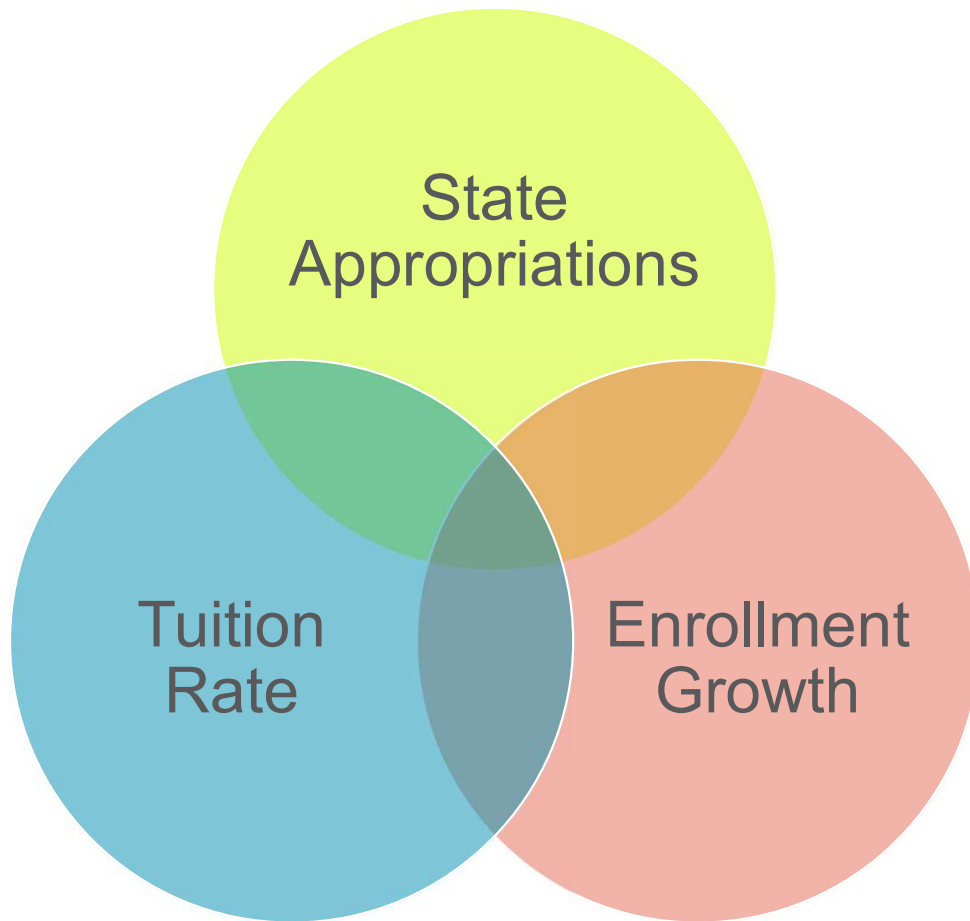


- Colleges Plus Libraries
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Future Budgets



Colorado State University

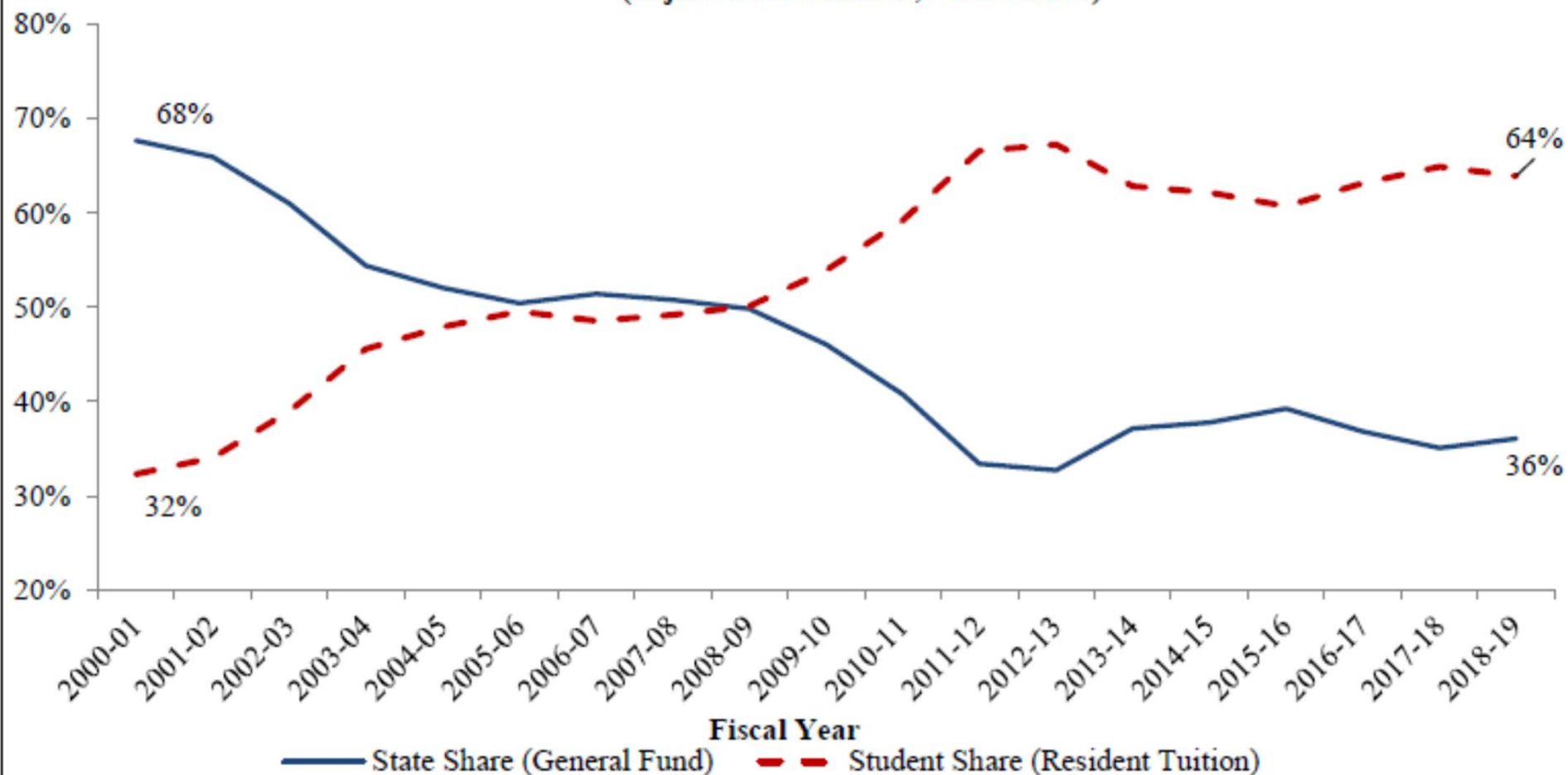


Primary Revenue Structures

Each revenue stream impacts the others:

- Tuition rate increases can slow the growth or reduce enrollment.
- State appropriation increases can offset the need to increase tuition rate increases and promote enrollment growth
- Enrollment growth can make up for lower state appropriation and reduce the need to increase tuition rates.

**Figure 1: Average Resident Student's Share of College
(Tuition vs. State Funding), All Governing Boards
(adjusted for inflation, 2018 dollars)**



Penn State plans nearly \$100M in cuts for FY26 budget

The U. of Connecticut Could Be the Next Public Flagship to Face Big Cuts

University of Nebraska-Lincoln proposes staff cuts to remedy \$12M deficit

How Gov. Josh Shapiro Plans To Reshape Higher Education In Pennsylvania

CUNY Layoffs and Class Cuts Come Just Weeks Before New Semester

CU Denver faculty and staff brace for the looming cuts as the university faces a major budget shortfall

**Other Universities
experiencing
financial pressures**

The Year Ahead – Areas of Focus

- New Budget Model that incentives and supports sustainable enrollment growth
- Revenue development proposals as part of the FY25 and FY26 incremental budget process
- Coordination with the System office and CSU student leadership on lobbying efforts
- Continue efforts to identify best business practices and efficiencies
- Identify budget structural challenges and alternatives to sustainability



Next Steps

- FY25 Budget proposed to the Board of Governor's May 1-3
- Communicate with campus the V4.0 Incremental Budget
- Design the FY26 budget process
- Continue to develop the new Budget Model
- October 2024 - BOG V1.0 FY26 incremental budget

Questions?



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