

# FY24 Fiscal Planning Update



**UNC**

November 10, 2022

# Overview

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- **FY23 Fiscal Update**
- **FY24 Budget Balancing**
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  - Expense factors
  - Investment needs & savings opportunities
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- **Plan & Schedule**
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# Background & Perspective

## **We have shown incredible resilience and agility:**

- Focusing on financial sustainability
- Remaining diligent and focused on our strengths

“Strengthened financial operations and debt service coverage reflects leadership’s ability to reallocate resources toward strategic priorities and adjust expenses.”

~ Moody’s Investor Service, Credit Opinion for UNC, February 3, 2022

# FY23 Fiscal Update

<b>FY23 Operating Budget</b> (\$ in millions)		<b>\$ (8.9)</b>
UG Net Tuition Revenue	2.5	
GR Net Tuition Revenue	(1.8)	
Room & Board Revenue	0.3	
Other Revenue	3.8	
Subtotal Revenue		4.8
Personnel Expenses	3.5	
Non-personnel Expenses	1.0	
Multi-year Projects	0.2	
Capital Transfers	(2.9)	
Subtotal Expenses		1.8
<b>Updated FY23 Operating Budget Projection</b>		<b>\$ (2.3)</b>
Gain on Sale of Assets	0.4	
Fee-For-Service Reconciliation	1.7	
Other Misc Balance Sheet Changes	0.2	
Subtotal Balance Sheet Timing Changes		2.3
<b>FY23 Operating Cash Flow Projection</b>		<b>\$ -</b>

<b>FY22 Year-End Cash Balance</b> (\$ in millions)		<b>\$ 74.4</b>
Operating Cash Flow Projection	-	
Capital Projects Adjustments Projection	(3.3)	
		(3.3)
<b>FY23 Projected Year-End Cash Balance</b>		<b>\$ 71.1</b>

# FY24 Budget Balancing

*What if? - Scenario Review*



# FY24 Budget Balancing

<b>Revenue Assumptions for FY24</b>	<b>Prior Scenario</b>	<b>New Scenario</b>
NFT Fall Enrollment	1193	1293
NFT Retention Rate	72%	75%
UG Tuition Rate Increase	3%	6%
GR Fall Enrollment Increase	0%	5%
GR Tuition Rate Increase	2%	5%
Student Fees Rate Increase	3%	5%
Housing Opening Occupancy	60%	62%
Room & Board Rates Increase	3%	6%
State Funding Increase	5%	8%
<b>Total Revenue</b>	<b>\$ 190.3</b>	<b>\$ 199.6</b>

# FY24 Budget Balancing

Resident UG Tuition & Fees	Fiscal Year 2022-23		Total Tuition & Fees	% Increase FY22-FY23	2-Year % Increase FY21-FY23
	Tuition	Fees			
Colorado School of Mines	\$17,520	\$2,520	\$20,040	3%	5%
University of Colorado-Boulder	\$11,520	\$1,632	\$13,152	3%	6%
Colorado State University	\$9,903	\$2,656	\$12,559	2%	5%
University of Colorado-Denver	\$10,830	\$970	\$11,800	2%	2%
University of Colorado-Colorado Springs	\$9,540	\$1,489	\$11,029	2%	5%
Colorado State University-Pueblo	\$8,338	\$2,575	\$10,913	3%	2%
<b>University of Northern Colorado</b>	<b>\$8,289</b>	<b>\$2,615</b>	<b>\$10,904</b>	<b>2%</b>	<b>8%</b>
Western State University	\$6,936	\$3,877	\$10,813	1%	2%
Metropolitan State University of Denver	\$8,445	\$1,816	\$10,261	2%	9%
Adams State University	\$6,072	\$3,704	\$9,776	1%	2%
Colorado Mesa University	\$8,852	\$1,110	\$9,962	3%	7%
Fort Lewis College	\$7,200	\$2,012	\$9,212	2%	4%

A tuition increase of 6% plus a fees increase of 5% = \$628, or \$21 per credit hour

# FY24 Budget Balancing

## State Funding IHE Proposal – Base Core Minimum Cost Increases & Tuition Caps

Assumes: 3.0% Compensation / 10.3% HLD / 8.3% CPI (Sept 2022 OSPB Forecast)

Base Core Minimum Costs		\$197.3	\$197.3	\$197.3	\$197.3	\$197.3	\$197.3	\$197.3
Tuition Rates	Percent	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
	Dollar Amount	\$0.0	\$23.9	\$47.8	\$71.8	\$95.7	\$119.6	\$143.5
Statutorily Required increase for SEPs		\$8.1	\$7.1	\$6.1	\$5.1	\$4.1	\$3.2	\$2.2
Step 2 State Funding	Percent	20.0%	17.6%	15.2%	12.7%	10.3%	7.9%	5.5%
	Dollar Amount	\$205.4	\$180.5	\$155.6	\$130.7	\$105.7	\$80.8	\$55.9
Total State Funding	Percent	20.0%	17.6%	15.2%	12.7%	10.3%	7.9%	5.5%
	Dollar Amount	\$205.4	\$180.5	\$155.6	\$130.7	\$105.7	\$80.8	\$55.9



# FY24 Budget Balancing

<b>Expense Assumptions for FY24</b>	<b>Prior Scenario</b>	<b>New Scenario</b>
Compensation increase (mid-year \$1,500, +4%)	3%	6%
Non-personnel increase (inflation)	2%	6%
Turnover rate	20%	18%
Health Premium Increase	-	\$0.8
FAMLI Tax	-	\$0.5
<b>Total Expenses</b>	<b>\$ 197.4</b>	<b>\$ 207.6</b>
<b>Total Revenue</b>	<b>\$ 190.3</b>	<b>\$ 199.6</b>
<b>Deficit</b>	<b>\$ (7.1)</b>	<b>\$ (8.0)</b>

# FY24 Budget Balancing

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*The FY24 budget process will require an iterative approach:*

- *Reducing expenses where appropriate and necessary to align resources*
- *Increasing revenues where appropriate and possible*

# FY24 Budget Balancing

## Multi-year Compensation Plan:

### *RND30 – Phase 2: Enhance & Invest*

- Employee Satisfaction
  - Recruitment & Retention – reduce & stabilize turnover
  - Cultural values – commitment to Students First principles
- **“ . . . a strong team of highly-skilled, knowledgeable, and dedicated faculty and staff across the institution.”**

### *Comparison to NCHEMS51 Peers*

- FY21: Faculty 88%, Staff 87%
- FY22: Faculty 90%, Staff 90%
  - 3% Pool Increase + Mid-Year Increase (+\$1500)
- FY23: TBD
  - 3% Pool Increase + Proposed Mid-Year Increase (+\$1500)

**Goal: 100%/Parity with median between FY25 and FY27**, then maintain 100%

- Variables: Enrollment, balanced budget, economy, NCHEMS peer increases, etc.

# FY24 Budget Balancing

<b>Current budget distribution</b>	<b>2023</b>	
<b>Organization</b>	<b>Base Bdgt (\$000)</b>	<b>% of Total</b>
Academic Colleges	\$ 76,320	42.1%
Finance and Administration	38,522	21.3%
Student Affairs & Enrollment Services	26,459	14.6%
Provost/Academic Affairs Non-College Functions	17,656	9.7%
Athletics	10,946	6.0%
University Advancement	6,323	3.5%
Diversity Equity Inclusion	2,433	1.3%
Board of Trustees & General Counsel	1,368	0.8%
President's Office	1,081	0.6%
<b>Total</b>	<b>\$ 181,108</b>	<b>100.0%</b>

# FY24 Budget Balancing

<b>Current budget distribution</b>	<b>2023 Base Bdgt (\$000)</b>	<b>% of Total</b>	<b>Share of Deficit (\$000)</b>
<b>Organization</b>			
Academic Colleges	\$ 76,320	42.1%	\$ 3,385
Finance and Administration	38,522	21.3%	1,709
Student Affairs & Enrollment Services	26,459	14.6%	1,174
Provost/Academic Affairs Non-College Functions	17,656	9.7%	783
Athletics	10,946	6.0%	486
University Advancement	6,323	3.5%	280
Diversity Equity Inclusion	2,433	1.3%	108
Board of Trustees & General Counsel	1,368	0.8%	61
President's Office	1,081	0.6%	48
<b>Total</b>	<b>\$ 181,108</b>	<b>100.0%</b>	<b>\$ 8,033</b>

# FY24 Budget Balancing

***FY23 Q1 Forecast shows spending @ 97.5% of Personnel & Non-Personnel Expenses***

- That's ~\$4.5 million less than the Base Budget
- Expense increases (~6%) in the model are calculated on Base Budget not Forecast

<b>Organization</b>	<b>2023 Base Bdgt (\$000)</b>	<b>% of Total</b>	<b>Share of Deficit (\$000)</b>
Academic Colleges	\$ 76,320	42.1%	\$ 1,475
Finance and Administration	38,522	21.3%	\$ 744
Student Affairs & Enrollment Services	26,459	14.6%	\$ 511
Provost/Academic Affairs Non-College Functions	17,656	9.7%	\$ 341
Athletics	10,946	6.0%	\$ 212
University Advancement	6,323	3.5%	\$ 122
Diversity Equity Inclusion	2,433	1.3%	\$ 47
Board of Trustees & General Counsel	1,368	0.8%	\$ 26
President's Office	1,081	0.6%	\$ 21
<b>Total</b>	<b>\$ 181,108</b>	<b>100.0%</b>	<b>\$ 3,500</b>

# FY24 Budget Balancing

## ***Other investment needs/proposals:***

- Graduate Recruiting & Admissions
- Distinguished professor promotion options
- Research funding and incentives
- Professional development
- Marketing and communications
- Administrative Services Centers
- Diversity, Equity, and Inclusion – HSI, grants, events & programs
- Big Sky Conference Strategic Plan
- Financial Aid Optimization Proposal

## ***Other savings/opportunities:***

- Incremental enrollment/retention improvements
- Business process and workflow efficiency improvements
- Voluntary separation incentive program – faculty
- Alternative uses/management of campus facilities
- Incremental spending constraints

# FY24 Budget Balancing

## **Focus on long-term needs**

- Protecting cash balances, not necessarily increasing cash
- Stabilize and grow enrollment
- Balance the budget – align resources with needs
- Managing to the strategic outcomes – not circumstances



# Plan & Schedule

- **Next Steps:**
  - Fiscal analysis and planning work continues
  - **October:** Q1 Forecast
  - **November:** Board of Trustees update
  - **December:** Launch FY24 budget process
  - **February:** Board of Trustees update
  - **March:** Budget review and revisions
  - **April:** State funding confirmation, revisions
  - **May:** Board of Trustees update, revisions
  - **June:** Present final FY24 Budget

# Thank You!

