

FACB Report for February 2026

In December 2021, **Sarah Long**, as Chair of Staff Council, **and I**, as President of the Faculty Assembly, **were in our monthly meeting with then-Chancellor Venkat Reddy when he said** something like, **“I’m really worried about rising costs. I’m afraid they are going to make it very hard to balance our budgets.”** I wasn’t really sure what he meant at the time, but **I now know his words were prophetic.**

The Higher Education Price Index (HEPI) tracks the costs that institutions of higher education need to fulfill their mission to produce an inflation rate (change in prices from one year to the next) for higher education, as opposed to the Consumer Price Index (CPI) we are used to seeing as a measure of overall inflation. When Chancellor Reddy was speaking to Sarah and me, the **HEPI index for the prior year** (i.e., FY 2021, the most recent report) **showed an inflation rate of 7%**. We didn’t know it yet, but **the HEPI for FY 22 would be 6.5%**. The annual rate has moderated somewhat since then but **our increases in mandatory costs** (like faculty promotion pay, classified staff salary, benefits, what we pay to the CU System, debt service costs, utilities, financial aid, library materials costs, etc.) **remain higher than the new revenue we have to cover those costs** each year and **has prevented us from catching up despite spending reductions** in recent years.

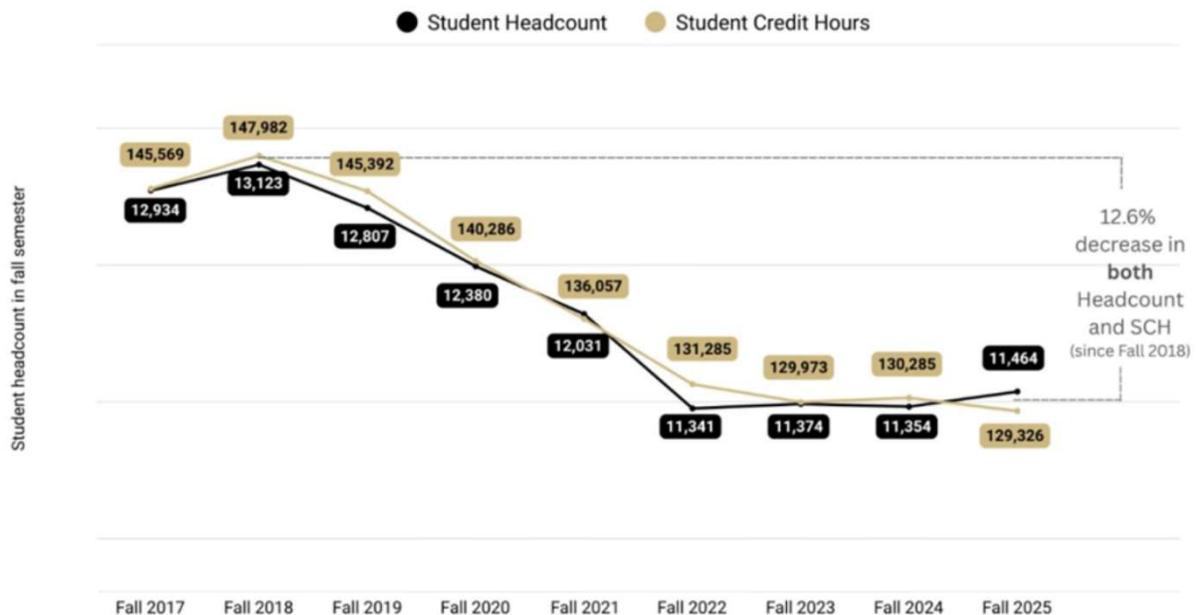


Source: U.S. Bureau of Labor Statistics (BLS), Consumer Price Index for All Urban Consumers (CPI-U), <https://www.bls.gov/cpi>

The second factor that has contributed to where our budget situation stands today is the State of Colorado’s budget limitations. **Even when revenues rise for the state, the Taxpayer’s Bill of Rights caps how much of that revenue the state legislature is able to**

spend. When state-mandated and priority expenditures (such as Medicaid and K–12 education) exceed available funding, higher education does not receive increases sufficient to offset rising costs.

The Board of Regents, as well as **UCCS, is reluctant to increase tuition rates**, but we have done so regularly in recent years. **Two factors have limited how much we’ve benefitted** from those increases. First, our access mission **means we have more reason to try to keep our tuition rates lower than the other campuses.** The other reason is that whatever revenue gains we may have seen from tuition increases have been undercut by **continuing declines in enrollment.**



Some new programs (e.g., Social Work) have brought in additional students, but losses in some other areas have been greater than 12.6%. This decline in campus enrollment, and the challenges we have faced in reversing it (although we have slowed it), have compounded the challenges of meeting rising costs.

One reason **the gap between revenues and expenses hasn’t narrowed more in the now-multiple years of cuts is that expenditure reductions in one place have been partially offset by new spending elsewhere.** The approach this year will be different. **Only spending reductions that are not reallocated to new spending will be “counted”** as meeting the spending reduction targets.

By now you have probably seen the numbers. The plan is to truly **reduce spending for next year by \$11.7 million** (about 6 % of existing expenditures) and another **\$16 million to**

account for the existing expenditures currently being covered with one-time dollars over the following three years. The \$11.7 million target for this year is designed to allow us to get to a point where we aren't always playing catch-up to the rising expenses. The first \$8.4 million of expenditure reductions just allow us to barely balance next year's budget which is what we've been doing for the past four or five years. The rest of the reduction is to create a margin that allows us to remain ahead of the cost increases. You can see on the projections for FY 28-31 that with this margin we should be able stay ahead of cost increases without annual cost reductions. However, that still leaves us with the \$16 million dollar problem.

Five-Year Budget Planning Proposal					
If Revenues increase by %					
	FY27	FY28	FY29	FY30	FY31
Revenue Projections	\$193,585,039	\$199,965,599	\$207,265,479	\$215,488,583	\$224,161,086
Expense Projections	\$193,144,405	\$190,284,865	\$197,965,773	\$203,489,311	\$213,383,900
Mandatory Expense Increases					
Faculty Promotions & Classified Employee Merit Pool	\$735,617	\$757,686	\$780,416	\$803,829	\$827,943
Benefits for all employees	\$3,509,533	\$3,685,010	\$3,869,261	\$4,047,247	\$4,237,467
ICCA	\$446,748	\$475,340	\$505,762	\$538,130	\$572,571
Integrate FY 21-22 Merit Increase	\$525,000	\$525,000			
Debt Service, utilities, financial aid, library materials	\$2,591,038	\$2,707,635	\$2,829,478	\$2,951,146	\$3,078,045
Risk	\$155,234	\$167,032	\$179,893	\$193,385	\$205,375
Prior- Years Pro Formas	\$960,350	\$641,694	\$813,307	\$429,613	\$287,317
Subtotal Mandatory Expense Increases	\$8,923,520	\$8,959,396	\$8,978,117	\$8,963,350	\$9,208,719
Total Expense Projections	\$202,067,925	\$199,244,261	\$206,943,889	\$212,452,661	\$222,592,618
Total Revenue minus Total Expenses (Deficit) / Surplus	(\$8,482,886)	\$4,021,512	\$1,845,422	\$6,231,239	\$8,037,951
Additional Expense Reduction	(\$3,300,174)	(\$5,300,000)	(\$5,300,000)	(\$5,300,000)	
Post-Reset Expense Baseline	\$190,284,865	\$197,965,773	\$203,489,311	\$213,383,900	\$230,630,569
Base available for realignment	\$3,300,174	\$9,321,512	\$7,145,422	\$11,531,239	\$8,037,951
Campus Choices					
Ongoing Activities Funded w/ One Time Funds					
Ongoing Expenses Funded w/Reserves		\$6,178,411	\$926,877	\$276,243	\$223,218
System Office Support Funding		\$1,319,268	\$823,228	\$1,585,514	\$456,512
Total Ongoing Expenses Requiring Base Budget	\$0	\$7,497,680	\$1,750,105	\$1,861,757	\$679,730
Campus Health					
Compensation (Merit Faculty & Staff)				\$2,000,000	
Compensation Strategy			\$1,000,000	\$1,000,000	\$4,000,000
University Priorities		\$200,000	\$200,000	\$200,000	\$200,000
Marketing & Student Recruitment			\$1,000,000		
Facilities Deferred Maintenance					
IT Deferred Maintenance		\$100,000			
Replenish Reserves					
Total Campus Health	\$0	\$300,000	\$2,200,000	\$3,200,000	\$4,200,000
Temporary monetary adjustments from Reserves	\$1,500,000	\$1,400,000	\$1,900,000		
Total Campus Choices	\$0	\$7,797,680	\$3,950,105	\$5,061,757	\$4,879,730
Annual Total (Deficit) / Surplus	\$3,300,174	\$1,523,832	\$3,195,317	\$6,469,483	\$3,158,221

We have a large amount of ongoing expenses that are currently being covered using either reserves or short-term funding from the CU system. As the system funding runs out, we will need to do some combination of:

- 1) bring these **existing expenses into the budgeted expenditures** (AKA, “the base”),
- 2) further **reduce the campus commitment to these existing expenses** (the units involved have already been trimming the amount that would have been to moved into base), or
- 3) **discontinue the spending**. Remember that these expenditures are things we want to see continued, just like the expenses that are currently base-funded, including the salaries of people who work alongside those whose positions are already base-funded.

Moving more of the system-funded portion of these expenses to being funded by our own reserves is not a feasible long-term strategy (part of the once-system-funded expenses have already been picked up by the reserves of the units that house those programs). Fundamentally, **reserves are all one-time funds: once they are spent, they are gone**. Reserves are mostly made up of budgeted funds not expended in a given year (e.g., salary savings from a vacant position). As budgets have tightened, it’s getting harder to have funds to move to reserves at the end of the fiscal year.

In addition, **the spend rate on reserves in some units has increased substantially as other one-time sources have ended**. We also have only the amount in **designated emergency reserves (to temporarily cover a large enrollment shortfall, a pandemic, etc.) required by the regents (4%)**. Best practice says that a financially-healthy campus should have 15% of its budget available in designated emergency reserves.

Finally, **the “glide path” strategy requires us to have sufficient uncommitted reserves to temporarily fund some reductions until a later year**. In the table below, you can see that **more funding from the system and division/unit level reserves runs in the next two years that we are budgeted to cut, but campus-level reserves will allow us to shift the resulting expenditure reductions to the out-years**. Another example of using campus reserves to smooth out impacts is that **permanent cost reductions to the existing base that won’t be fully realized in the year they are taken (as in phased retirements) may be funded from reserves until finalized**.

ONGOING EXPENSES FROM UCCS RESERVES REQUIRING BASE BUDGET						
AREA	EXPENSE	FY27	FY28	FY29	FY30	FY31
EMSA	OPERATING EXPENSES	4,179,463.00	699,047.07			
VCAF	POLICE/ BASE DEFICITS	920,319.37		150,000.00	100,000.00	
CPS	LECTURER/OVERLOADS	110,000.00				
AA	RESEARCH & DIGITAL ACCESSABILITY	539,025.94	23,193.00			
VCUA	GREENHOUSE, COMMENCEMENT, DOWNTOWN		71,781.73	76,243.00	73,218.22	
JBEL	CU HEALTH RAD TECH AGREEMENT		50,000.00	50,000.00	50,000.00	
KFL	OPERATING EXPENSES		82,855.00			
CYBER	STAFF	220,000.00				
COE	AFROTC PROGRAM	209,603.00				
		6,178,411.31	926,876.80	276,243.00	223,218.22	
EXPENSES FUNDED WITH SYSTEM OFFICE INITIATIVE FUNDING REQUIRING BASE BUDGET						
AREA	EXPENSE	FY27	FY28	FY29	FY30	FY31
VCUA	PSHIPS P3	235,176.89				
VCSICS	INVESTING & STRENGTHENING OF STRATEGIC INI	88,374.00				
EMSA	ACADEMIC ADVISORS, RECRUITERS, ETC.	995,717.35	673,228.00	853,710.79		
VCAF	Campus Safety and Mental Health Support			581,802.71		
AA	FACULTY AFFAIRS & FRC		150,000.00	150,000.00	456,511.56	
		1,319,268.24	823,228.00	1,585,513.50	456,511.56	

The **\$16 million (\$5.3 million per year for FY 2027-28 through FY 2029-30) in additional cuts could be impacted by all sorts of things**, including higher or lower enrollment than is being anticipated (based on -2% for fall 2026, +1% for fall 2027, +2% each year for fall 2028 and 2029, +3% for fall 2030), higher or lower state funding, or higher or lower cost inflation.

The **allocation of expenditure reductions among colleges and divisions** (not individual departments or units) will be made using a **rating system based on three criteria**:

- **past performance** (e.g. enrollment for colleges, levels of service for student support units, etc.)
- **impact on students** (e.g. retention rates, graduation rates, for colleges or for those served versus not served directly by student support units)
- **future potential** (e.g., plans for growth and improvement)

The metrics for each criterion are still very much under discussion.

Teams of raters from across the campus will rate on each criterion, with team members from a given college or division recusing themselves from rating their own area. The executive leadership team will **review the composite ratings for each unit and make a determination on each college and division's percentage and dollar amount required reduction** in expenditures.

Individual colleges and divisions will use their own metrics and governance processes to decide what expense reductions to take within their units. At that stage, impacts on individuals and departments will come into focus. The final reductions will be reviewed by the deans and vice chancellors meeting together to reduce unintended consequences. The projected date for informing individuals whose positions are being eliminated is mid-April.

No salary increases for faculty and university staff (classified staff are subject to legislative decisions) **are being contemplated for next fiscal year** (i.e., increases beginning January 2027). The current plan, subject to how much better or worse things go, is to **resume base-funded compression and market adjustments in FY 2029, with base merit increases beginning in FY 30**. In recognition of two straight years of no merit increases (three years for the better-paid among us), **one-time (non-base) stipends funded from campus reserves and based on merit are planned for FY 28 and FY 2029** to bridge until the campus fiscal health allows base merit increases to resume.

This perfect storm has been brewing for a while now, as Chancellor Reddy recognized four years ago. **It is composed of many elements, but the one we can influence most directly is enrollment**. Other things could break in our favor (or not), but **the most impactful thing would be to improve recruitment and retention of our students**. There are already plans in motion on both fronts, but we will need those plans to be effective, and no doubt the efforts of nearly everyone on campus, to get to a less painful next few years. There is reason to hope for that, **but it is truly essential that we have a plan that will let the campus move forward even if costs, state support, and enrollment don't improve more** than this conservative plan anticipates.