

Faculty Advisory Committee on the Budget report for May 2026

This is the last budget report of the year, and my last report as chair of the Faculty Advisory Committee on the Budget. It's been an honor to serve in this role these last six years, but the time has come to focus on writing the assurance argument for next year's Comprehensive Visit for Higher Learning Commission accreditation. **Before we take a final look at next year's budget, we should take a few minutes to recap how we got here.**

In January 2024, the University Budget Advisory Committee held a retreat at which we were presented with an overview of the campus financial picture. **We learned that, since the pandemic, new mandatory expenses had exceeded new revenues each year and that this was expected to continue unless and until we successfully increased revenues.** The root cause of this problem was that state support had been declining since the passage of the Taxpayer's Bill of Rights in 1992. Over the intervening 30 years, funding for public higher education in the state has shifted from state funding to tuition. Prior to the pandemic, **UCCS had stayed ahead of rising costs through growth and tuition increases.** With enrollment declining 12.6% since 2018-19 and the cost of tuition increasingly squeezing our students, we found ourselves deeper in the hole with each passing year.

In addition to that, **UBAC was informed about a second major problem.** The campus had received **a number of initiative grants from the CU system following the pandemic.** **With those grants ending over the coming five years,** decisions had to be made whether to roll the budgets for these new programs onto campus base funding or to end or reduce the programs. On top of that, **it was discovered that a number of existing ongoing activities were being funded through campus reserves.** Even though it would require substantially more work to determine the exact magnitude of this problem, **it was clear that we were looking at needing to eliminate or move onto the base over \$20 million in ongoing expenditures.**

UBAC members left that meeting sobered by the situation and knowing that we would need to move forward with a comprehensive solution by the time the system funding began to expire in 2026-27.

The next retreat, **in January 2025, focused on the progress being made to reduce expenditures in the non-base-funded programs and to gain more precision in understanding the ongoing activities being funded out of reserves.** This required unit-by-unit inquiries across the divisions and colleges to distinguish between routine use of reserves to capture budget savings one year to meet unusual budget needs the next year,

on the one hand, and situations where ongoing expenditures were being supported from reserves with no expectation that the reserve funding was being regenerated, on the other. In the meantime, **the upcoming year's budget was projected to be in deficit because mandatory expense increases continued to outstrip new revenues.**

By January 2026, the budget numbers had come together and a projected path to resolving these compounded problems had been developed. As part of dealing with the need to take a much larger expenditure reduction for 2026-27, **shared governance leaders were added to the Senior Leadership Team (chancellor and vice chancellors, plus deans) to form the University Leadership Team. This group met twice during January (in addition to a UBAC retreat) to provide input into the plan for FY 2026-27 and beyond.** Between the January 29th UBAC meeting and the April 29th UBAC meeting, the budget for next year was, eventually, finalized.

With all that as background, let's take a look at how the new budget settled out. In January, **a target of \$11.8 million in expenditure reductions had been identified by the ELT.** As the result of some better-than-expected projected revenues, **that number was eventually reduced to \$10.3 million.** Those cuts are captured in this table:

<u>Area</u>	<u>UnAllocated Base</u>	<u>Vacant Positions</u>	<u>Operating</u>	<u>Other</u>	<u>TOTAL</u>
CO	\$5,266	\$0	\$46,152	\$75,000	\$126,418
AA	\$199,124	\$80,000	\$43,246	\$0	\$322,370
COB	\$30,000	\$488,155	\$0	\$355,001	\$873,156
COE	\$320,708	\$55,000	\$0	\$53,408	\$429,116
CPS	\$55,700	\$96,690	\$39,300	\$0	\$191,690
EAS	\$191,512	\$162,000	\$0	\$179,963	\$533,475
JBEL	\$392,353	\$70,616	\$94,411	\$279,284	\$836,664
KFL	\$113,547	\$175,949	\$70,504	\$150,000	\$510,000
LAS	\$439,620	\$1,070,801	\$176,000	\$445,555	\$2,131,976
VCAF	\$848,699	\$1,002,257	\$458,063	\$337,000	\$2,646,019
VCEMSA	\$76,452	\$242,202	\$8,220	\$396,208	\$723,082
VCSI	\$0	\$152,818	\$154,000	\$84,000	\$390,818
VCUA	\$0	\$54,369	\$20,000	\$250,631	\$325,000
Natural Attrition	\$0	\$238,426	\$0	\$0	\$238,426
Total	\$2,672,981	\$3,889,283	\$1,109,896	\$2,606,050	\$10,278,210

You may notice the absence of two sources for reductions, salary reductions and at-will employee terminations. **The salary reductions**, introduced after the SLT's original reduction proposal fell short of the target and which occasioned a great deal of opposition from faculty and staff, were **the first thing to be taken out of consideration when the**

target was lowered as the result of increased revenue projections. When the original table was released, it was noted that the fairly substantial amount to be realized by eliminating filled positions might be achieved in other ways that had not been worked out yet. In the event, no employees were laid off, which was achieved by moving the affected employees to other, vacant, positions, through voluntary retirements, or finding other sources. Much of this is reflected in the almost \$4 million from eliminating vacant positions. One thing that didn't disappear is the heavy reliance on reductions in unallocated base. This has been another area for concern because, depending on the unit, unallocated base may pay for lecturers and overloads, summer pay, student employees, and other important (albeit unbudgeted) expenditures. For many campus members, these funds are an important component of their annual compensation.

The other table we should look at is the expected FY 2027 budget:

	FY27 Budget
State Support	\$49,975,429
Tuition	\$133,799,903
Academic Fees	\$7,890,430
Indirect Cost Reimbursement	\$1,934,095
Other Revenue	\$4,963,672
Total Revenues	\$198,563,529
Salaries	\$93,592,978
Benefits	\$44,057,910
Operating Expenses	\$19,079,509
Deferred Maintenance	\$496,849
Library Materials	\$1,697,620
Utilities	\$3,544,331
Institutional Financial Aid	\$16,390,330
ICAA	\$6,262,990
Mandatory Transfers & Other	\$7,210,994
Insurance	\$907,575
Increase Student Aid	\$3,300,174
Hold Harmless for Students	\$2,022,269
Total Expenses	\$198,563,529

Starting (selectively) at the top, state support went up year-over-year slightly instead of the earlier projected decrease because the legislature decided to restore the mid-year recession the CU campuses took this year. The tuition number still reflects a projected 2% decline in enrollment but now includes a 3.5% tuition increase rather than the original 2.6%. The overall increase in revenue from adopting the new tuition tables is offset by the cost of holding existing lower-division students harmless, as shown in the last line of expenses. Salaries are down by the \$3.9 million in vacancies not filled. Those of you who follow such things may wonder why the benefits line isn't down by more. That's because it was discovered that the campus hadn't fully-funded all the benefit increases for

existing employees in the past, so the campus is now having to play catch-up. Some other lines are also impacted by expense reductions. **One line that is up, though, is institutional student aid. Part of the increase is due to compensating for the tuition rate increase.** The rest is from moving most of the funding that had been coming from reserves to the base budget.

We still need to reduce expenditures (or increase revenues) by \$16 million over the next three years. It is important to recognize that the savings to be found from marginal cuts to various budgets have probably been exhausted. This summer, **the University Leadership Team** (which includes the shared governance leaders, plus the chair of the FACB and the chair of UBAC) **will be tasked with designing an approach to considering how to make the remaining expenditure reductions that** creates more time for discussion and **begins in the fall semester, not in January.** Campus leadership has assured us that **no substantive decisions can or will be made until faculty, staff, and students are fully back on campus for fall semester.**

At the April 8 special UBAC meeting, the FACB made this recommendation:

The campus should immediately start work on a more detailed comprehensive plan to strategically reduce expenses to prepare UCCS for the future

- a. This plan should involve faculty and staff input at the start rather than just at the end
- b. The plan should explicitly tie reductions and the strategies for achieving them to the campus mission, vision, and values
- c. This plan should include as much relevant data as possible for all units, developed in conjunction with the units involved, but comparable across like units
- d. The data should represent a collaboration between the campus data producers and those who generate data within the units to resolve discrepancies and differences in data definitions
- e. The data for all units should be visible to the entire campus before decisions are made
- f. Collaborative decision-making should be emphasized, but the campus should move beyond bargaining among the leaders of the colleges and divisions behind closed doors

- g. The process for making the decisions should be clear to all faculty, staff, and students and be as inclusive as possible

I am sure your representatives on the ULT will be reminding the rest of the ULT about this, and working to ensure that the approved processes for program discontinuation (campus policy 200-14, currently completing its 30-day review window) are fully followed.

Fondly,

David Moon

Chair, Faculty Advisory Committee on the Budget