

FY 2020-21 Budget Update

April 2, 2020

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Statewide Budget Landscape

- The state's March 2020 revenue forecasts both declined and are expected to continue declining
- New CU forecast indicates revenues would approximately \$2 billion short of funding the Governor's FY 2020-21 budget request
- Duration of economic downturn is the key factor
- State budget has been delayed
- Multiple ratings agencies have downgraded higher education outlook to negative from stable



State Budget Balancing – Next Steps

- Refine estimates of economic downturn timeline and duration
- Determine Colorado's budget shortfall
- Determine Colorado's share of federal relief funds
- Determine Colorado's budget balancing options (expenditures/revenues)
- Determine Colorado's budget balancing timeline (prior to June 30)
- State law requires the Governor to keep the budget balanced after the state budget is adopted



Federal Assistance

\$150 billion (Coronavirus Relief Fund) for states and local authorities

- \$2.2 billion with a 55/45 state and local split (initial Colorado estimate)

\$30.75 billion (Education Stabilization Fund) available thru Sept. 30, 2021

- \$13.95 billion Higher Ed Relief for students and institutions
 - 50 percent of funds must be used for emergency financial aid grants for students' cost-of-attendance (food, housing, course materials, technology, health care and child care)
- \$13.23 billion K-12 Relief Fund
- \$2.95 billion Education Relief Fund for K-12 and higher education institutions at Governors' discretion
- Remainder for tribal colleges, minority serving institutions, most impacted, smaller schools



Federal Assistance (cont.)

Preliminary Education Estimates from American Council on Education (ACE)

CU System total	\$36,718,000
CU Boulder	\$19,233,000
CU Denver Anschutz	\$9,447,000
UCCS	\$8,038,000
CCCS total	\$34,963,000
CSU System total	\$22,766,000
CSU-Ft. Collins	\$18,530,000
CSU-Pueblo	\$4,236,000
MSU-Denver	\$14,244,000
CMU	\$7,367,000
Mines	\$3,631,000
FLC	\$2,952,000
Adams	\$1,721,000
Western	\$1,434,000
Aims	\$2,419,000
CMC	\$1,649,000
ATCs	\$2,775,000

Note: 50 percent of funds must be used for financial aid grants for students.



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Federal Assistance (cont.)

- Federal Education Maintenance of Effort Provision for States
- Maintenance-of-effort (MOE) requires states to include assurances they will maintain funding for K-12 and higher ed at a level that is not less than the average of the prior 3 state fiscal years.

MOE Estimates (in millions)	FY 2019-20	Prior 3 FY Average	Dollar Difference	Percent Difference
Higher Ed Statewide	\$855.8	\$711.4	(\$144.4)	-16.9%
CU System	\$244.3	\$199.8	(\$44.5)	-18.2%

- *MOE may be waived for states that experience a precipitous decline in financial resources.*



Federal Assistance (cont.)

- \$200 to 300 million (estimate) to Colorado for temporary 6.2 percent increase in Federal Medical Assistance Percentage (FMAP) for Medicaid.
- \$45 billion for FEMA Disaster Relief Fund to provide for needs of state, local, tribal, and territorial governments to protect citizens and help them recover from COVID-19.
 - Colorado declared disaster on March 22nd (effective January 1st)
 - Federal approval of Colorado's disaster declaration on March 28th
- \$4.3 billion from Center of Disease Control and Prevention to support federal, state and local public health agencies to prevent, prepare for, and respond to coronavirus. Includes:
 - \$1.5 billion to support state, local, tribal and territorial governments in efforts to conduct public health activities like, protective equipment, surveillance for coronavirus, lab testing, etc.



Federal Assistance (cont.)

- \$100 billion for a new program to provide grants to hospitals, public entities, non-for-profit entities, and Medicare and Medicaid enrolled suppliers and institutional providers to cover unreimbursed health care related expenses or lost revenues resulting from coronavirus.
- \$27 billion for the Biomedical Advanced Research and Development Authority (BARDA) to support research and development of vaccines, therapeutics, and diagnostics to prevent or treat coronavirus. Includes:
 - \$16 billion to replenish the Strategic National Stockpile supplies of pharmaceuticals, personal protective equipment, and other medical supplies for distribution when there are shortages during emergencies.
- \$1 billion for Community Service Block Grants (CSBG) to help communities address the consequences of increasing unemployment and economic disruption.
- \$900 million to Low Income Home Energy Assistance Program (LIHEAP) to help lower income households heat and cool their homes.



Federal Assistance (cont.)

- \$945 million through National Institutes of Health (NIH) to support research to expand prior research plans, including developing an improved understanding of prevalence on COVID-19.
- \$415 million to Department of Defense (DOD) Military medical research programs that are developing vaccines and anti-viral pharmaceuticals.
- \$75 million to National Science Foundation (NSF) to support research to better understand coronavirus.
- \$562 million to ensure that Small Business Administration (SBA) has the resources to provide Economic Injury Disaster Loans (EIDL) to businesses that need financial support during this difficult time.
- \$425 million for Substance Abuse and Mental Health Services and Administration (SAMHSA) to increase access to mental health services through community behavioral health clinics, suicide prevention, etc.



Federal Assistance (cont.)

- \$48.5 billion for transportation and housing. Examples include:
 - \$25 billion to public transit operators to protect public health and safety while ensuring transportation access to jobs, medical treatment, food, and other essential services remain available.
 - \$10 billion to help publicly-owned and commercial airports.
 - \$5 billion for the Community Development Block Grant (CDBG) program to enable nearly 1,240 states, counties, & cities to respond to economic and housing impacts including expansion of community health facilities, child care centers, food banks, & senior services.
 - \$4 billion to address the impact among individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance, prevention, and eviction prevention assistance.
 - \$3 billion for housing providers to help more than 4.5 million low-income households made up of more than 9.6 million individuals currently assisted by HUD to safely remain in their homes.



Federal Assistance (cont.)

- Payment of \$1,200 for individuals, \$2,400 for couples, plus \$500 for each eligible child.
 - Phase out starts at adjusted gross income of \$75,000 for individuals and \$150,000 for couples.
- Provision to exclude up to \$5,250 in student loan repayments paid by the employer on behalf of the employee from income for income tax purposes.
- \$260 billion for Unemployment Insurance. Includes:
 - Extra \$600 per week, on top of state's base amounts (Colorado average is \$400 per week)
 - Extension of 13 additional weeks to UI benefits (26 weeks is current length in Colorado)
 - Expansion in eligibility for part-time, self-employed, and gig economy workers.



Preliminary COVID-19 Impacts to CU



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Initial Housing and Dining, Hourly and Student Employee Estimated Costs to CU from COVID-19 = \$44 million

Boulder	\$34 million
Denver	\$3 million
UCCS	\$6 million
Anschutz	\$1 million
System-Wide	\$44 million

Housing and dining are included based on estimated prorated expense.
Other costs, expenses and revenue losses are being examined and not included here.

FY 2020-21 State Funding for CU

Campus	6% Change (February)	0% Change	-10% Change	-20% Change
Boulder	\$5.5 million	\$0	-\$9.1 million	-\$18.2 million
Denver	\$2.3 million	\$0	-\$3.9 million	-\$7.8 million
UCCS	\$1.9 million	\$0	-\$3.1 million	-\$6.2 million
Anschutz	\$4.8 million	\$0	-\$8.0 million	-\$16.1 million



How a 1.0% Decline in Enrollment Impacts Revenues

Student Type	CU Boulder	UCCS	CU Denver	CU Anschutz	Total
Resident Undergraduate	(\$1,966,040)	(\$718,941)	(\$793,811)	(\$70,146)	(\$3,548,938)
Non-Resident Undergraduate	(\$4,447,440)	(\$236,348)	(\$348,188)	(\$10,081)	(\$5,042,057)
Domestic	(\$4,021,440)	(\$210,350)	(\$223,835)	n/a	(\$4,455,625)
International	(\$426,000)	(\$25,998)	(\$124,353)	n/a	(\$576,351)
Resident Graduate	(\$504,980)	(\$115,314)	(\$219,165)	(\$604,170)	(\$1,443,629)
Non-Resident Graduate	(\$643,160)	(\$38,995)	(\$115,530)	(\$284,296)	(\$1,081,981)
Domestic	(\$321,160)	(\$34,706)	(\$49,513)	n/a	(\$405,379)
International	(\$322,000)	(\$4,289)	(\$66,017)	n/a	(\$392,306)
Total Resident	(\$2,471,020)	(\$834,255)	(\$1,012,976)	(\$674,316)	(\$4,992,567)
Total Non-Resident	(\$5,090,600)	(\$275,343)	(\$463,718)	(\$294,377)	(\$6,124,038)
Total Enrollment	(\$7,561,620)	(\$1,109,598)	(\$1,476,694)	(\$968,693)	(\$11,116,605)

Budget Balancing

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CU Denver FY 2020-21 Budget Balancing Options

- Reduce or eliminate planned compensation increases
- Reduce transfer to Enrollment Contingency
- Reduce transfer to Deferred Maintenance
- Potential Workforce Reductions
- Reduce Institutional Aid
- Program elimination and or consolidation
- Reduce Student Support Services



CU Anschutz FY 2020-21 Budget Balancing Options

- Reduce or eliminate planned compensation increases
- Targeted one-time operating cuts
- Defer non-critical hires and staff promotions
- Reduce deferred maintenance
- Temporary, voluntary or mandatory reduced work hours
- Focused program cuts and personnel adjustments based on COVID impact
- Program elimination and or consolidation

CU Boulder FY 2020-21 Budget Balancing Options

- Reduce or eliminate planned compensation increases
- Eliminate targeted investment based on enrollment growth at Schools and Colleges
- Reduce investment in deferred maintenance
- Reduce investment in classroom technology and infrastructure
- Hiring and promotion only for non-faculty critical functions upon officer approval; tenure clock delay
- Employee furloughs and layoffs, early retirement



UCCS FY 2020-21 Budget Balancing Options

- Reduce or eliminate planned compensation increases
- Reduce Emergency Tuition Stabilization Plan reserve
- Reduce Controlled Maintenance
- Potential workforce reductions
- Program elimination or consolidation
- Reduce institutional aid
- Reduce investment in upgrading computers and IT infrastructure
- Targeted operating cuts

