

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

June 12, 2024

TOPIC: FY 2024-25 Colleges and System Office Budgets

PRESENTED BY: Mark Superka, Vice Chancellor for Finance and Administration

RELATIONSHIP TO THE STRATEGIC PLAN:

Redefine our value proposition through accessibility, affordability, quality, accountability, resource development, and operational excellence.

EXPLANATION:

Attached to this board agenda item is a summary of the FY 2024-25 budgets for each of the colleges, Colorado Online, and the system office. In addition, the attachments contain an informational summary of the major capital construction and controlled maintenance projects from each of the colleges. Also included, for informational purposes only, is a summary of the FY 2022-23 college foundation financials. The two additional attachments, capital projects summary and foundation financials, are for your reference only in order to provide a comprehensive view of each college's financial plans for the coming fiscal year. The primary focus will be on the operating budgets, which require the Board's approval at this meeting.

Below is a brief summary of the enrollment and revenue trends for all of the colleges. In addition, an overview of the system office budget will be presented. Please note that the colleges and the system office will likely make adjustments to these budgets and enrollment forecasts after summer/fall terms and FY 2023-24 revenues are finalized. Due to uncertainty of revenues and enrollment, the timing of the June Board meeting, and the need to prepare materials ahead of time for inclusion into the Board packet, these types of changes are necessary and to be expected.

Enrollment Trends

- Resident student FTE enrollment is forecast to increase by 0.9 percent in FY 2024-25. This follows an estimated 6.9 percent increase in FY 2023-24.
- Non-resident enrollment is forecast to increase by 2.1 percent in FY 2024-25, following an estimated 1.9 percent increase in FY 2023-24.
- Overall student FTE (resident and non-resident) is projected to increase by 0.9 percent in FY 2024-25, following an estimated 6.7 percent increase in FY 2023-24.

Revenue Trends

- Overall, the base state funding received through COF stipends and fee-for-service in FY 2024-25 is forecast to increase by 8.7 percent over FY 2023-24.
- The colleges received federal funding through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and through the American Rescue Plan Act (ARP). These amounts are generally shown in the auxiliary/restricted section of the budget

templates and titled HEERF, but there is also some funding shown in the General Fund section and titled HEERF Revenue Recovery. That funding is decreasing and phasing out for FY 2024-25.

- Revenue attributable to Amendment 50 is projected to be flat at \$28.6 million from FY 2023-24 to FY 2024-25.
- In FY 2024-25, overall tuition revenue (resident plus non-resident) is forecast to increase by 4.3 percent from FY 2023-24 final projections. Revenue from instructional and student activity fees is anticipated to increase by 3.6 percent compared to FY 2023-24 final projections.
- Overall General Fund revenue to the community colleges is forecasted to increase by 4.8 percent in FY 2024-25 compared to FY 2023-24 final projections. This is primarily due to the increase in the COF and FFS state appropriations as well as the increase in tuition and fee revenue.

System Office and Colorado Online Budgets

Revenues for FY 2024-25

- Overall, for the System Office Budget, total E&G revenues are forecast to increase by 3.7 percent in FY 2024-25 compared to FY 2023-24 final projections. This is primarily due to the General Fund increase coming via the internal allocation formula.
- Restricted grant revenue is estimated to decrease by 3.5 percent in FY 2024-25 compared to FY 2023-24 final projections. This is primarily due to the decreased funding associated with the CO-HELPS and CO-TECH grants.
- Colorado Online revenues are estimated to decrease by 23.1 percent in FY 2024-25 compared to FY 2023-24 final projections due to the transition to Colorado Online.

Expenses for FY 2024-25

- Overall, for the System Office budget, base operating expenses are estimated to increase by 11.4 percent in FY 2024-25 over FY 2023-24 final projected expenses. Please note that this increase includes vacancy and other budgeted savings in FY 2023-24, which represents 7.7 percent of this increase. Without the vacancy and other budgeted savings, the operating increase would be 3.7 percent.
 - Aside from the projected vacancy/operating savings, the increase in base expenditures is primarily due to increases in four main areas:
 - Compensation. The Chancellor outlined a compensation framework for all colleges and the system office to follow that includes up to a 3.0 percent merit increase for faculty, instructors, APT, hourly, and classified staff as well as additional targeted market and equity adjustments. For the system office, we are proposing a 3.0 percent merit pool increase and some market and

equity adjustments (\$825,749). In addition, classified staff will be eligible for salary step adjustments based on their years of service (\$175,708).

- PERA, health, life, and dental insurance, FAMLI, and risk management adjustments (\$360,871);
 - Increases in system-wide software and IT hardware maintenance costs and the licensing of a new system-wide data warehouse (\$476,356); and
 - The addition of one new base-funded position in Human Resources whose cost will be shared with the colleges as well as the partial transition of the Director of Real Estate/Strategic Business Projects from one-time funding to ongoing base funding and operating increases for CCCS lobbyists and the State Instructor Advisory Council (\$66,244 and 1.0 FTE).
- Restricted grant expenses are estimated to decrease by 3.5 percent in FY 2024-25 compared to FY 2023-24 final projections. This is primarily due to the decreased funding associated with the CO-HELPS and CO-TECH grants.
 - Colorado Online overall expenses are estimated to decrease by 24.4 percent in FY 2024-25 compared to FY 2023-24 final projected expenses. This decrease is primarily due to the transition to Colorado Online.
 - In addition to the base budget, the System Office is planning to spend or commit approximately \$2.0 million in one-time expenses out of reserves in FY 2024-25 and beyond for the following items:
 - \$554,247 for street and parking lot maintenance and paving at building 959 (Main Office building), building 849 (CCD Health Sciences), and building 967 (Colorado Online).
 - \$436,120 to implement the new system-wide data warehouse.
 - \$230,000 to continue financing the marketing budget.
 - \$150,000 for Lowry Campus deed restriction activities.
 - \$145,266 to continue one-time funding for the Foundation Major Gifts Officer position.
 - \$133,000 for the potential increase in unemployment insurance costs due to the transition to Colorado Online.
 - \$81,482 for increased maintenance costs for Leepfrog/Courseleaf, Cognos, and EMSI/Lightcast.
 - \$70,000 for an external quality assessment review of the Internal Audit Department as required by the Institute for Internal Auditors Standards.
 - \$67,002 to continue funding the Director of Adult Student Success.

- \$56,805 for work order management software.
- \$39,187 to fund the one-time portion of the Director of Real Estate and Strategic Business Projects position for one additional year.
- \$54,000 for the recently hired college Presidents to participate in leadership training, the system office portion of a system-wide learning management system, and financial aid staff training and travel.

RECOMMENDATION:

We are recommending approval be granted to the system office's and colleges' budgets, with the understanding that adjustments will likely be needed between now and the beginning of fall term to account for final enrollment and revenue figures and that many of these estimates could be impacted by changes in the overall state economic forecast and budget environment.

ATTACHMENTS:

Board Templates – June 2024 Board Meeting – Final

Note: *Budget Templates have been saved as individual PDFs for the System Office, CO Online, and all of the Colleges.*