STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

June 14, 2023

TOPIC: FY 2023-24 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 2023-24 budgets for each of the colleges, CCC-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 2021-22 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 2022-23 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 0.6 percent in FY 2023-24. This follows an estimated 2.8 percent increase in FY 2022-23.

- Non-resident enrollment is forecast to increase by 0.5 percent in FY 2023-24, following an estimated 1.4 percent increase in FY 2022-23.

- Overall student FTE (resident and non-resident) is projected to increase by 0.6 percent in FY 2023-24, following an estimated 2.7 percent increase in FY 2022-23.

Revenue Trends

- Overall, the base state funding received through COF stipends and fee-for-service in FY 2023-24 is forecast to increase by 11.3 percent over FY 2022-23.

- 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 in many cases for FY 2023-24.

- Revenue attributable to Amendment 50 is projected to increase 2.5 percent from $30.3 million FY 2022-23 to $31.0 million in FY 2023-24.

- In FY 2023-24, overall tuition revenue (resident plus non-resident) is forecast to increase by 4.7 percent from FY 2022-23 final projections. Revenue from instructional and student activity fees is anticipated to increase by 5.0 percent compared to FY 2022-23 final projections.

- Overall General Fund revenue to the community colleges is forecasted to increase by 4.2 percent in FY 2023-24 compared to FY 2022-23 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 CCC-Online Budgets

Revenues for FY 2023-24

- Overall, for the System Office Budget, total E&G revenues are forecast to increase by 6.7 percent in FY 2023-24 compared to FY 2022-23 final projections. This is primarily due to the General Fund increase coming via the internal allocation formula.

- Restricted grant revenue is estimated to increase by 21.8 percent in FY 2023-24 compared to FY 2022-23 final projections. This is primarily due an increase in funding associated with the Support to Promote Advancement of Research and Creativity (SPARC), Lumina, and Jobs for the Future grants.

- CCC-Online revenues are estimated to decrease by 21.8 percent in FY 2023-24 compared to FY 2022-23 final projections due to the transition to Colorado Online.

Expenses for FY 2023-24

- Overall, for the System Office budget, base operating expenses are estimated to increase by 18.7 percent in FY 2023-24 over FY 2022-23 final projected expenses. Please note that this increase includes vacancy and other budgeted savings in FY 2022-23, which represents 11.2 percent of this increase. Without the vacancy and other budgeted savings, the operating increase would be 7.5 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. This includes: 1) up to a 5.0 percent merit increase for faculty, APT, hourly, and classified staff; 2) up to a 10.0 percent merit increase for instructors; and 3) additional targeted market and equity adjustments. For the system office, we are proposing a 5.0

percent merit pool increase ($846,379), and market and equity adjustments, including reserving funds for the results of a recent market comp study ($466,117).

- PERA, health, life, and dental insurance, FAMLI, and risk management adjustments ($182,604);

- Increases in system-wide software and IT hardware maintenance costs as well as operating increases for financial aid and concurrent enrollment staff ($256,243); and

- The addition of two new base-funded positions, with one to support unfunded mandates from the state in Human Resources and one to support cyber security in IT, as well as the conversion of two part-time grant positions into one full-time grant position and the transition of the Foundation Assistant cost to the system office ($293,606 and 2.8 FTE).

- Restricted grant expenses are estimated to increase by 21.8 percent in FY 2023-24 compared to FY 2022-23 final projected expenses. This is primarily due an increase in funding associated with the Support to Promote Advancement of Research and Creativity (SPARC), Lumina, and Jobs for the Future grants.

- CCC-Online overall expenses are estimated to decrease by 19.7 percent in FY 2023-24 compared to FY 2022-23 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 $2.8 million in one-time expenses out of reserves in FY 2023-24 and beyond for the following items:

  o $775,400 to increase the operating budget for implementation and transition to Colorado Online.

  o $282,480 to hire a temporary Data Warehouse Architect for the Data Warehouse initiative for two years.

  o $230,000 to continue financing the marketing budget.

  o $211,200 to hire a temporary Network Administrator for the Rural College Consortium project for two years.

  o $175,049 to allow for overlap between the new and retiring System Controller.

  o $150,000 for Lowry Campus deed restriction activities.

  o $148,000 to support the Skills Institute and develop a non-credit student information system. One-time federal funds have been secured to fully fund the initiative.

  o $143,073 to provide additional funding for CourseLeaf Leepfrog consulting and integration into Banner.

- $133,782 to fund the Director of Real Estate and Strategic Business Projects position for two additional years.

- $128,040 to fund the second year of a temporary two-year Consortia Operations Specialist position.

- $127,091 to continue one-time funding for the Foundation Major Gifts Officer position for an additional year.

- $106,477 to continue funding a Programmer Analyst position and a Project Manager/Business Analyst position associated with the Colorado Online transition.

- $66,211 to continue funding a project consultant for the Rural College Consortium project.

- $40,000 to purchase replacement equipment for the grounds staff on the Lowry Campus.

- $59,724 for 360 evaluations conducted every other year for the college Presidents, funding an offline backup storage pilot program in IT to improve ransomware protection, and funding for digital accessibility.

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 2023 Board Meeting – Final

Note: Budget Templates have been saved as individual PDFs for the System Office and all Colleges.