



University of Colorado **Denver**

Dear CU Denver Faculty and Staff,

As we approach the midpoint of one of the most unusual fall semesters, we're writing to provide an update on the budget and outline the steps we are taking to plan for the coming fiscal year and beyond.

Update on This Year's Budget

As we have noted in previous communications, COVID-19 has created the most challenging financial crisis in our history. Last spring and summer, CU Denver [planned for and addressed](#) a projected general fund revenue shortfall for the current fiscal year of \$33 million (a 15% reduction from last year).

We now have a more solid understanding of revenues and expenses for the fall semester. Fall enrollment is slightly (1.3%) higher than predicted in June, but with a different mix of students than in recent years. We're seeing more graduate students, fewer first-time students and transfers, fewer nonresidents, and significantly fewer international students (down by nearly 18% from fall 2019). The combined impact of these changes means that there are more students to educate with less tuition revenue.

Fortunately, we planned for this shortfall by anticipating a 15% decline in tuition revenue. Because tuition revenue is tracking close to this projection, *we anticipate no further budget cuts beyond those we are in the process of implementing this year.* This includes no expansion of our current furlough plan. However, we must begin preparing for future budget challenges due to uncertainty in state funding, CU Denver's enrollment mix next year and into the future, and the multi-year impact of a smaller first-year class impacted by COVID-19.

Looking to Next Year

As we prepare to develop next year's budget, we face numerous uncertainties: When will the pandemic end? How will our enrollment be affected? Following the state's current-year budget cuts to higher education of 58%, will the state be able to return to the support provided last year, or even expand its overall support for higher education? Unfortunately, we know that several months ago the Department of Higher Education was told to prepare to not restore a portion of the 58% cut.

In regard to state funding, last month state officials forecasted that state revenues will come in quite a bit higher than they last forecasted in June, but significantly below pre-COVID-19 levels. Despite the higher forecasts, challenges persist for the state that don't bode well for higher education, including increased expenses related to COVID-19 and likely additional costs for K-12 and Medicaid in fiscal year (FY) 2021-22. We will receive our first glimpse into the state's budget in early November, when the governor releases his budget proposal.

On campus, while our fall enrollment is encouraging, we must continue to focus our energy on providing high-quality teaching and learning experiences, and increasing recruitment and retention for spring and fall 2021. While intrinsic to our mission, this will also help our bottom line, since enrollment is the factor with the greatest impact on our budget.

Most financial forecasts indicate that this pandemic will create a multi-year budget challenge to the state of Colorado and to CU Denver. It is important that we build upon our experience from this past spring—when COVID-19 first emerged—to begin preparing for next year and beyond. For more information on budget planning and decisions, please [watch the Budget Office's updated budget layer cake video.](#)

Planning for the Future

Beginning this month, we will start multi-year scenario planning with the schools, colleges, and central support units. Fortunately, we have more time to engage in this planning than we did last spring, so we'll be even more ready to act when the full details of next year's budget are known.

Just as we did this past spring, we'll be guided by our budget reduction values:

- Keeping our community healthy and safe.
- Supporting and valuing our students, faculty, and staff.
- Striving to balance the viability of our operations with the value we place on the learning experience for our students and our commitment to excellence.
- Innovating for the future by being entrepreneurial.
- Ensuring thoughtful, responsible decision-making using the best available data, expertise, and wisdom.
- Encouraging and sustaining broad consultation and transparency in the decision-making process.
- Continuing to invest in our priorities.

Overall, these efforts are aimed at preparing CU Denver for the next fiscal year and beyond. Our goal is to emerge from the greatest financial and health crisis of our lifetimes with a multi-year plan that will allow us to strategically navigate these uncertain and challenging times.

The good news is that long before the pandemic, CU Denver had been cultivating the mindset to address financial pressures. We transitioned to an incentive-based budget model in FY 2017-18 and have begun implementing a new strategic enrollment management effort. We will continue to move forward using a transparent process with shared decision-making responsibility and shared commitment to the university's fiscal health.

In that spirit, we invite you to bring your questions and ideas about the budget and our fiscal situation to next week's faculty and staff town hall (Tuesday, Oct. 13, from 3:30-4:30 p.m.). [Register here.](#)

Sincerely,

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