
UNIVERSITY *of*
NORTHERN COLORADO



**Board Finance & Audit Committee
Financial Planning and FY11 Pricing**

April 29, 2010

**University of Northern Colorado
Board Finance & Audit Committee
April 29, 2010**

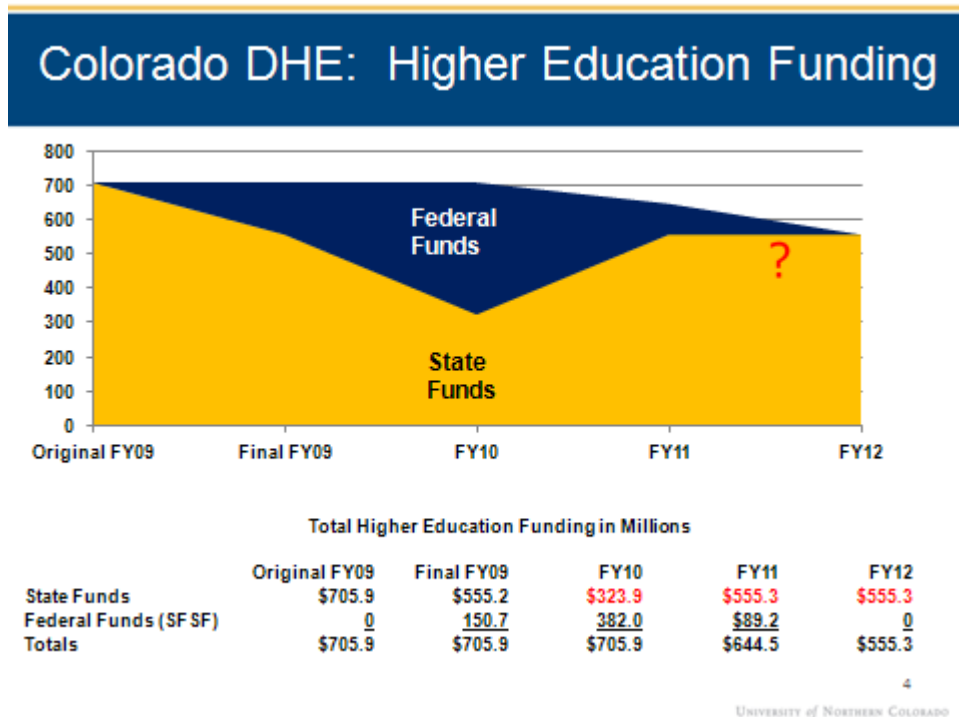
Financial Planning and FY11 Pricing

State Funding and the Effect on UNC

The State’s March 2010 revenue forecast showed that Colorado is beginning a slow recovery from the recession. Highlights of the forecast include:

- FY 2009-10
 - \$6.5 - \$6.7 billion revenue projections
 - No further reductions
- FY 2010-11
 - \$7.1 billion revenue projection
 - One-time budget balancing: \$212.2-\$320.6 million
- FY 2011-12 Legislative Council estimate of cliff, without caseload adjustments, \$580 million

Although the Department of Higher Education forecasts moderate declines in overall Higher Education Funding, it is unclear how the State will be able to maintain \$555 million for higher education in FY12 in the absence of Federal Stimulus funding.



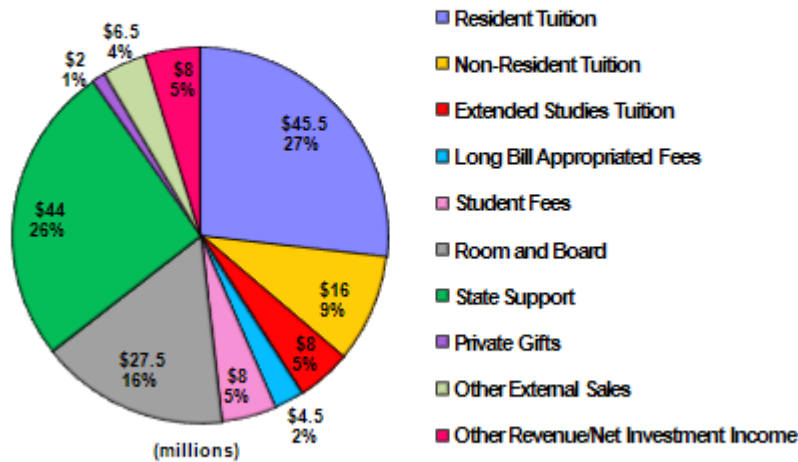
UNC Revenue and Budget Overview

Of the overall FY10 Higher Education Funding (\$705.9 million), UNC received \$44.1 million, of which more than half (\$23.6 million) was Federal Stimulus funding. While the current State budget for FY11 only results in a decline of \$3.5 million to \$40.6 million, this level of funding is being managed through a variety of one-time measures by the State to ensure compliance with Federal requirements for Stimulus funding. These compliance requirements do not apply to FY 12.

	FY06	FY07	FY08	FY09	FY10	FY11	FY12
State Funds	\$35.2	\$37.9	\$41.2	\$35.2	\$20.5	\$35.2	\$35.2
Federal Funds (SFSF)	0	0	0	8.9	23.6	5.4	0
Totals	\$35.2	\$37.9	\$41.2	\$44.1	\$44.1	\$40.6	\$35.2

The FY10 State/Federal funding of \$44.1 million is about one-quarter of UNC's total revenue of \$170 million. This is exclusive of restricted grants and contracts.

UNC University Revenues \$170 M

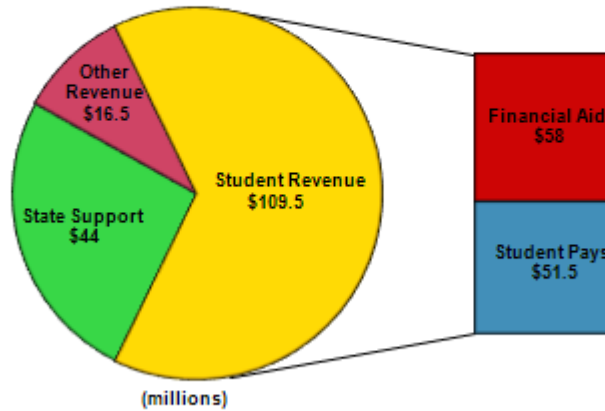


5

UNIVERSITY of NORTHERN COLORADO

When tuition, fees, and room & board are combined, it becomes clear that 65% of UNC's revenue or about \$110 million comes from students. This includes both the portion that students and families pay as well as the portion covered by financial aid, including loans.

University Revenues \$170 M



7

UNIVERSITY of NORTHERN COLORADO

In addition to the concerns about State funding for operating, it is unlikely that UNC will receive any significant capital funding in the foreseeable future. CU and CSU have already implemented capital fees for students to fund academic facilities.

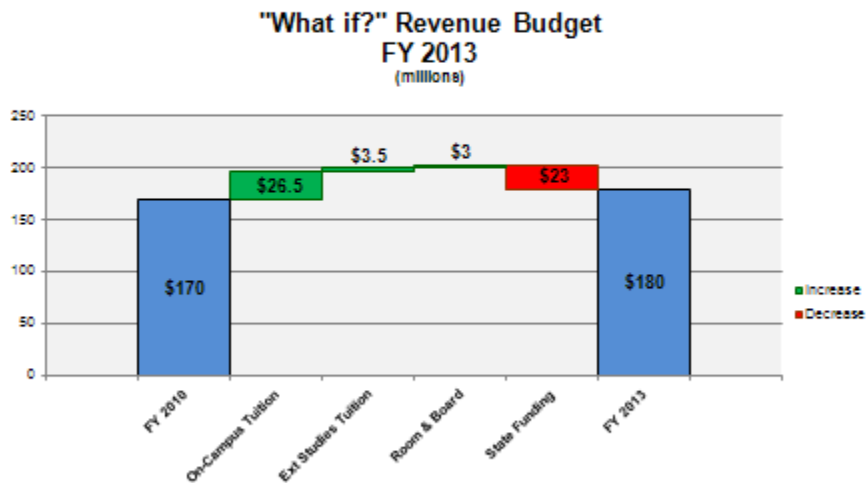
Fiscal Year 2012-13 “What if?” Budget Gap

As part of a multi-year financial planning process, UNC has begun to model the potential funding gap by FY13. One scenario is based on the following revenue, discounting, and expense variables:

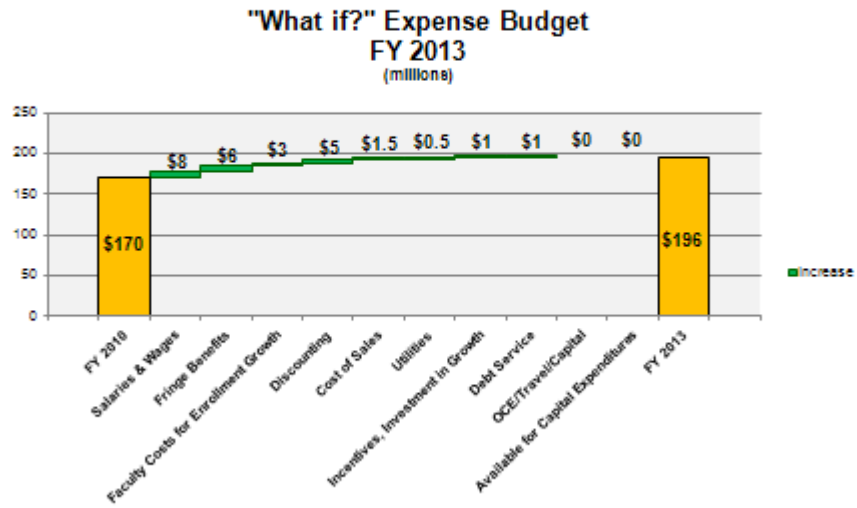
- Revenue
 - On-campus enrollment grows (12% UG/17% GR) and tuition rates increase 9% annually
 - Extended Studies revenue grows by \$3 million
 - Room & Board revenue grows by 11%
 - The state funding cliff is \$23 million (FY10 state funding remains constant with no more federal funds)
 - 25% of new UG and GR tuition is used for increases in institutional discounting

- Discounting
 - 25% of new UG and GR tuition is used for increases in institutional discounting
 - 16% of new Room & Board revenue is used for increased discounting
- Expenses
 - Salaries increase 0% in FY11 and 3% in FY12 & FY13
 - Fringe benefits increase 10% annually
 - We invest an additional \$3 million in faculty/adjunct costs for on-campus and Extended Studies
 - Cost of sales increases 3% annually
 - Utilities increase \$0.5 million
 - We make \$1 million investment in incentives and growth
 - Debt service increases \$1 million
 - OCE/Travel/Capital remains the same

FY 2013 Revenue What If?

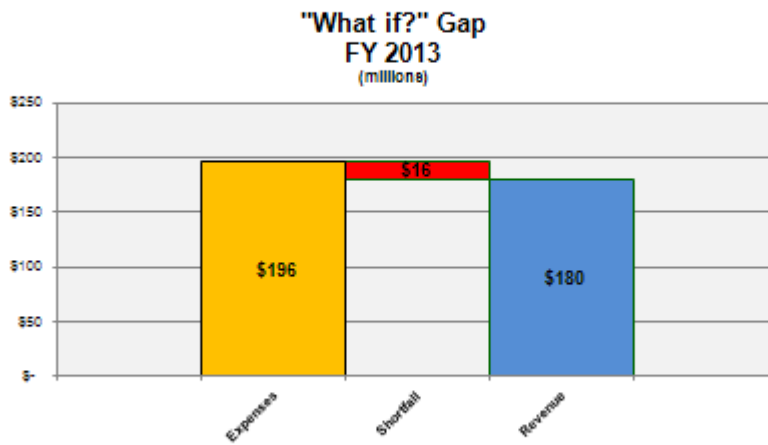


FY 2013 Expense What If?



14
UNIVERSITY of NORTHERN COLORADO

FY 2013 Gap What If?



15
UNIVERSITY of NORTHERN COLORADO

UNC Financial Planning

UNC's ongoing financial planning process is addressing FY11 budgetary decisions at the same time as it is laying the groundwork for a rolling 4-year financial plan.

Budget Timetable (March-May)

Action/Event	FY11 Budget Annual rate and funding decisions	FY12 Budget Annual rate and funding decisions	Rolling 4 year plan Assumptions that can change but are used for planning purposes
March 12 BOT	FY11 enrollment projections	FY12 enrollment projections Info about window	3 year enrollment projections Rate comparisons Info about window
March 24 Budget Leaders	Some key data	Projecting the gap / reserves Total revenue perspective Capital funding	Projecting the gap / reserves Total revenue perspective Capital funding
Exec Staff Budget Meetings March-May 2010	Internal charging Unfunded/unbudgeted ops Short-term Capital Quality of Life Student Fee Extended Studies Course/library/tech fees Summer session	Internal charging Unfunded/unbudgeted ops Impact of prior reductions	
April 29 BOT	Review of Rate Scenarios Discounting		Projecting the gap / reserves Rate scenarios and impact Discounting Impact of prior budget reductions

16

UNIVERSITY of NORTHERN COLORADO

Budget Timetable (May-Fall 2010)

Action/Event	FY11 Budget Annual rate and funding decisions	FY12 Budget Annual rate and funding decisions	Rolling 4 year plan Assumptions that can change but are used for planning purposes
May 7 BOT	Recommended Rates/Decisions		
May student communication on rates	Rates/Student billing letter		
June 11 BOT	Approved Rates/Budget		
July/August Exec Staff		Finalize gap/reserve assumptions How much revenue? How much reductions and reallocations?	Finalize gap/reserve assumptions How much revenue? How much reductions and reallocations?
August/September Fall BOT Retreat		Tuition Fees Target reductions and reallocations	Updated 4 year plan Target reductions and reallocations
Fall Student and Campus Tuition & Fee Discussions		Tuition & fees Reductions and reallocations Impact of prior reductions	

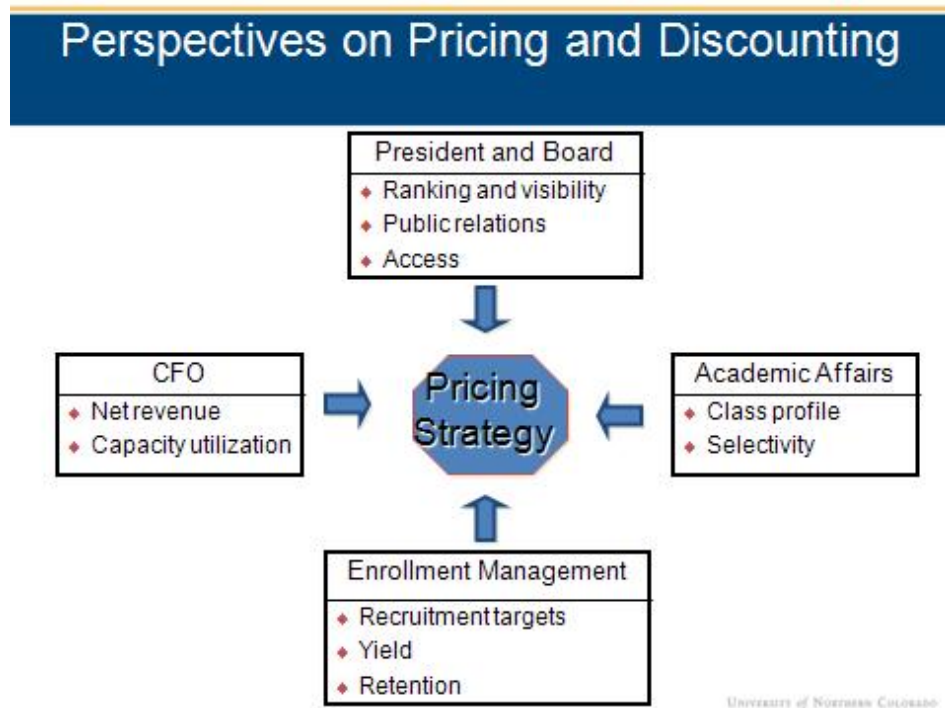
17

UNIVERSITY of NORTHERN COLORADO

UNC is also building a reserve to smooth out the effect of any sudden decline in State funding. The reserve currently has \$ 5.0 million. For FY11, expense reductions of \$3 million have already been identified and will be credited to the reserve. A portion of FY11 revenue increases will also be credited to the reserve.

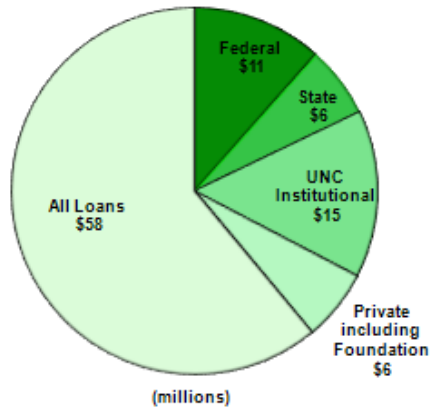
UNC Pricing and Discounting Strategy

UNC's pricing strategy is to optimize enrollment and maximize discounted revenue, balancing financial and strategic goals.



Total Financial Aid awarded to UNC students is approximately \$96 million. This includes institutional discounting through scholarships, federal and state grants, loans, and private support. Of that \$96 million, about \$58 million is applied to the student's bill at UNC and about \$38 million is distributed to students to cover books and living expenses.

Total Financial Aid Awards \$96 M



24

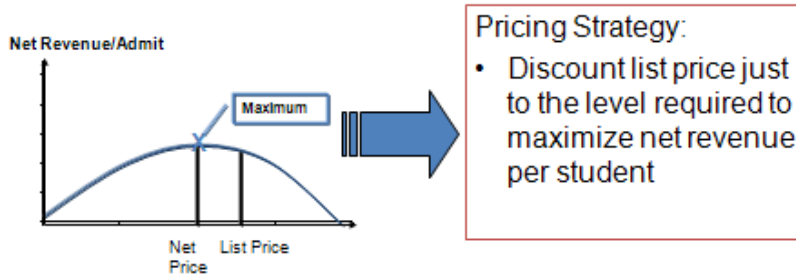
UNIVERSITY of NORTHERN COLORADO

Currently the data for FY11 student financial aid shows a 12% increase in applications (federal FAFSA form) and an upward trend in the number of high financial need students, as measured by federal Pell recipients.

UNC has been aggressively testing econometric financial aid models for institutional discounting to identify our price/discount point of maximum net revenue.

Applications of Strategic Pricing: Maximize Net Revenue

Goal: To maximize discounted net tuition revenue at any given list price



UNIVERSITY of NORTHERN COLORADO

For FY10 undergraduate institutional discounting will total approximately \$12.5 million and graduate discounting will total approximately \$2.4 million.

The following two tables show admitted and enrolled undergraduate students segmented by academic ability and financial need.



Enrollment of students in these various segments affects the costs of recruitment and retention as well as the overall net (discounted) tuition revenue.

Fiscal Year 2010-11 Rate Proposals Undergraduate Tuition

For FY11, the following undergraduate tuition rates are proposed. Enrollment has been budgeted to increase 3% and the resulting revenue is \$56.8 million.

Undergraduate Proposed On-Campus Student Share Tuition Rates						
		Fiscal 2010 Actual		Fiscal 2011 Budget		
		Per Credit Hr	Annual*	Per Credit Hr	Annual*	% Change
Resident Student Share	9%	\$179.00	\$4,296.00	\$195.00	\$4,680.00	9.0%
Incremental increase					\$384.00	
Non-Resident	9%	\$606.00	\$14,544.00	\$661.00	\$15,864.00	9.0%
Incremental increase					\$1,320.00	

*Annual rate is for 12-16 credits per semester

Undergraduate On-Campus Headcount Enrollment					
	Fiscal 2010 Forecast		Fiscal 2011 Budget		% Change
	Resident	Non-Resident	Resident	Non-Resident	
New Freshman	2,116	222	2,136	278	3.3%
New Transfers	931	141	979	205	10.4%
Continuing	6,668	859	6,964	699	1.8%
Total	9,715	1,222	10,079	1,182	3.0%

Undergraduate Proposed On-Campus Student Share of Tuition		
	Fiscal 2010 Forecast	Fiscal 2011 Budget
Resident Student Share	\$37,770,485	\$41,929,803
Non-Resident	\$12,827,241	\$13,669,213
Differential	\$927,631	\$1,231,766
Total	\$51,525,357	\$56,830,782
Prior Year		\$51,525,357
Increase		\$5,305,425

Graduate Tuition

For FY11 the following graduate tuition rates are proposed. Enrollment has been budgeted to increase 7.5% and the resulting revenue is \$11.9 million.

		Graduate On-Campus Proposed Tuition Rates				
		FY10 Actual		FY11 Budget		
		Per Credit	Annual*	Per Credit	Annual*	% Chg
Resident						
<u>Masters</u>						
	Tier 1	\$268.50	\$4,833	\$308.78	\$5,558	15.0%
	Tier 2	\$295.25	\$5,315	\$339.54	\$6,112	15.0%
	Tier 3	\$322.25	\$5,801	\$370.59	\$6,671	15.0%
<u>Doctoral</u>						
	Tier 1	\$313.25	\$5,639	\$360.24	\$6,484	15.0%
	Tier 2	\$344.50	\$6,201	\$396.18	\$7,131	15.0%
	Tier 3	\$376.00	\$6,768	\$432.40	\$7,783	15.0%
Non Resident						
<u>Masters</u>						
	Tier 1	\$685.50	\$12,339	\$788.33	\$14,190	15.0%
	Tier 2	\$712.50	\$12,825	\$819.38	\$14,749	15.0%
	Tier 3	\$739.25	\$13,307	\$850.14	\$15,302	15.0%
<u>Doctoral</u>						
	Tier 1	\$799.75	\$14,396	\$919.71	\$16,555	15.0%
	Tier 2	\$831.25	\$14,963	\$955.94	\$17,207	15.0%
	Tier 3	\$862.50	\$15,525	\$991.88	\$17,854	15.0%

*Annual rate is for 9 credits per semester

	Graduate State Proposed Tuition Forecast			
	FY10 Budget		FY11 Projections	
	Cr Hrs	Revenue	Cr Hrs	Revenue
Resident				
<u>Masters</u>				
Total	14,456	\$4,163,715	16,345	\$5,359,065
<u>Doctoral</u>				
Total	5,805	\$1,972,519	5,683	\$2,236,539
Total Resident	20,261	\$6,136,234	22,028	\$7,595,604
Non Resident				
<u>Masters</u>				
Total	2,502	\$1,793,644	3,229	\$2,602,060
<u>Doctoral</u>				
Total	1,902	\$1,459,382	1,801	\$1,718,447
Total Non-Resident	4,404	\$3,253,026	5,031	\$4,320,507
Grand Total	24,665	\$9,389,260	27,059	\$11,916,112

Tuition Revenue Summary

Tuition Reconciliation	
Fiscal 2010 Forecast	\$61,432,741
Incremental Increases over 2010 Forecast:	
Undergraduate student share increase due to rate	\$4,669,993
Undergraduate student share increase due to enrollment	\$635,432
Total Undergraduate Student Share	\$5,305,425
Graduate student share increase due to rate	\$1,554,276
Graduate student share increase due to enrollment	\$454,452
Total Graduate Student Share	\$2,008,728
Fiscal 2011 Proposed Tuition	\$68,746,894

Academic Fees

Tab A

For FY11 the technology and library fee are proposed to increase by 3%. Due to the high cost of nursing and music, program fees are proposed. The final change in academic fees is adjustment to individual course fees. Complete details are in appendix I.

Fiscal 2010 Fees		\$4,433,337
Fiscal 2011 Increases in Existing Fees:		
Library Fee		\$65,000
Technology Fee		<u>\$79,000</u>
Total Increases in Existing Fees		<u>\$144,000</u>
Fiscal 2011 New Fees:		
Program Fees		\$172,200
Course Fees		\$185,469
Participation Fees		\$400
Supervision Fees		<u>\$12,520</u>
Total New Fees		<u>\$370,589</u>
Total Proposed Fee Budget for FY 2011		<u>\$4,947,926</u>

Program Fee

Program Fees			
	Annual Revenue	Per Credit	Maximum Annual Student Cost
NHS Nursing Bachelor	\$97,200	\$17	\$504
PVA Dance Musical Theatre Bachelor Music Bachelor Theatre Bachelor	\$75,000	\$6	\$193

Proposed room and board rates are consistent with the two year plan presented last year.

Room and Board Rates				
		Fiscal 2011 Budget		
	Fiscal 2010 Actual	Rate increase	Annual	% Change
Room Rates				
Tier 1 Freshman	\$3,950	\$237	\$4,187	6.00%
Tier 1 Returner	\$3,810	\$210	\$4,020	5.50%
Tier 2 Freshman	\$4,350	\$261	\$4,611	6.00%
Tier 2 Returner	\$4,210	\$232	\$4,442	5.50%
Tier 3 Freshman	\$4,760	\$286	\$5,046	6.00%
Tier 3 Returner	\$4,610	\$254	\$4,864	5.50%
Tier 4 Freshman	\$4,870	\$292	\$5,162	6.00%
Tier 4 Returner	\$4,720	\$260	\$4,980	5.50%
Tier 5 Freshman	\$5,020	\$494	\$5,514	9.85%
Tier 5 Returner	\$4,820	\$475	\$5,295	9.85%
Average Increase / Annual Rate	\$4,512	\$300	\$4,812	6.65%
Board Rate				
200 Meal Plan	\$4,440	\$312	\$4,752	7.03%
19 Meal Plan	\$4,420	\$312	\$4,732	7.06%
Average Room and Board		\$612	9,564	

Residence Hall Tiers:

Tier 1 – Harrison

Tier 2 – Belford, Decker, Gordon, Sabin, Snyder, Wiebking, and Wilson

Tier 3 – Brown, Lujan, Dickeson, Bond, Hansen-Willis, Lawrenson, Efficiencies, Turner Efficiencies (non-renovated)

Tier 4 - Lawrenson Suites, Grouped Properties, Turner Suites

Tier 5 - New North and New South

Room and Board Revenue Schedule

Academic Year	Design Capacity	Occupancy Rate	Room Rate Increase	Board Rate Increase	Budget Rate	Targeted Revenue
2010 - 2011	3,135	94.87%	7.31%	7%	92.00%	\$29,000,000
2009 – 2010	3,135	95.28%	9.30%	7%	93.00%	\$26,500,885

Fiscal 2010-2011 Cost of Attendance (corrected)

Tab A

Undergraduate Resident – Freshman Cost of Attendance				
Fiscal Year 2010-11				
		Fiscal Year 2009-10 Actual	Fiscal Year 2010-11 Projected	% Increase
Tuition (Student Share)	1	\$4,296	\$4,680	9.0%
Student Activity Fees	2	\$820	\$972	18.5%
Technology Fee – average	2	\$272	\$280	3.0%
Library Fee – average	2	\$63	\$65	2.0%
Student Success Fee	2	<u>\$225</u>	<u>\$225</u>	0.0%
Subtotal Tuition and Fees		\$5,676	\$6,222	9.6%
Room and Board – Low Tier	3	8,370	8,919	6.6%
Total Cost of Attendance		<u>\$14,046</u>	<u>\$15,141</u>	7.8%

- 1) 9% Tuition increase
- 2) 3.9% CPI increase and Quality of Life Fees \$120.00 for Student Activity Fees
Technology Fee increase of 3%
Library Fee increase of 2%
Student Success Fee remains the same.
- 3) Room increase of 6.0% and Board increase of 7.06%

Appendix I-Summary of Academic Fees Fiscal Year 2011