CSU System Board of Governors approves FY2021 budget

Denver, Colorado – Even as it faces massive revenue shortfalls at its universities in Pueblo and Fort Collins, the Board of Governors of the Colorado State University System today mapped out a budget plan for next year that holds tuition steady and avoids deep job and pay cuts across the CSU campuses.

The Board approved the proposed budgets for all CSU campuses, pending completion of the State’s budget through the Colorado General Assembly’s Long Bill.

After exploring the impact of different levels of funding cuts, the Board voted instead to use the reserves it established after the Great Recession — along with emergency state and federal aid provided through the CARES ACT — to minimize the impact on students and the System’s universities as they prepare to reopen for on-campus instruction in the fall. The Board also voted to refinance existing campus facilities debt to take advantage of unprecedented low interest rates and allow longer time for repayment.

The approved budget plans are significantly more positive than those facing most U.S. campuses, thanks to the state government’s deployment of the federal CARES Act funds and the vision of the Board in marshaling resources and preparing for emergencies over the last decade, CSU System Chancellor Tony Frank said.

“This package leans heavily on those federal stimulus funds, pairing them aggressively with System reserves and proceeds from Board-initiated refinancing,” Frank said. “These sources of funds allow us to substantively spare the campuses where the real work of teaching, discovery, and engagement occurs.”

Without this support, and facing potential enrollment impacts from the pandemic, the System would have faced a $164 million budget shortfall that would have demanded significant staffing and pay cuts — because about 80% of CSU’s budgets are spent on personnel.

“Our campuses are among the largest employers in their regions, so laying people off during a high-unemployment economy fuels downward economic pressure,” said Frank. “While no university can expect to be spared the consequences of this downturn, we want to assure we are also positioned to help lead the economic recovery, as universities did following the Great Recession. The plans the Board adopted found that balance and will serve Colorado well.”

Board Chair Nancy Tuor credited the leadership of Governor Jared Polis, the State Legislature, and the state’s federal Congressional delegation, which was instrumental in fighting for CARES Act funds to help higher education.

“We would be in a very different position — a position, unfortunately, that many other universities are facing — if our state’s leaders did not understand the importance of public higher education to our state’s economy and its future,” Tuor said. “Governor Polis, the members of the Joint Budget Committee, and our senators and representatives in Congress — particularly Congressman Neguse and Senators
Gardner and Bennet — have all worked extraordinarily hard to find ways to shore up our campuses and prevent what could have been a real disaster for Colorado.”

The Board-approved budget for CSU’s flagship campus in Fort Collins balances a $143 million shortfall with a combination of CARES Act funding allocated directly to the campus, state-designated CARES Act funding authorized by Governor Polis, Board reserves, and debt refinancing. The campus will also cut its expenses by $17 million, with an emphasis on leaving open positions unfilled, eliminating vacant non-critical positions, and promoting voluntary early separation incentives.

The Pueblo campus, facing a potential $21 million shortfall, will balance its budget with the aid of these combined sources and a $1 million expense reduction that will eliminate 13 open positions and include promoting voluntary early separation incentives. The reductions at the Pueblo campus were already envisioned as part of the Vision 2028 strategic plan.

CARES Act funding will not be used to backfill any budget cuts, in compliance with rules on how CARES Act funds can be deployed. The Board and CSU System executive leadership, including campus presidents, are developing commensurate policies and procedures.

CSU System Chancellor Frank singled out the Board of Governors for its leadership and vision to build System emergency reserves.

“Our entire Board — and all of our Board leaders since the Great Recession — have stepped up in an unprecedented way,” Frank said. “It’s one thing, as a Board member, to pick one variable and solve for it — it takes an entirely different level of dedication for Board members to be willing to dig into the options and wrestle with solutions involving multiple variables and challenges. They truly empowered us to think in innovative ways about how to effectively balance all of the issues in front of us — while keeping the focus on doing what’s best for Colorado and our System universities.”

Frank noted that prior to this Board decision, the campuses were preparing for deeper cuts, and that future years may still require additional belt-tightening. “We are planning for the possibility of a more prolonged economic downturn than any of us hope for,” he said.

In addition, the Board announced plans to establish an $80 million Coronavirus Emergency Response Fund to help mitigate impacts in future fiscal years and prepare for potential new developments in the years ahead.

The CSU System Office also announced it will reduce expenses by 10 percent.

CSU Global, the System’s fully online public university, does not receive state funding. The Board noted that Global’s exceptional financial performance under the leadership of President Becky Takeda-Tinker has facilitated its stability and ongoing viability, while also being able to help support the System’s two physical campuses that were directly harmed by the COVID-19 pandemic. CSU Global has also been impacted by the economic downturn due to unemployment-fueled enrollment declines, and will follow its traditional fiscal management process of adjusting expenses as revenues fluctuate throughout the year.

“As universities around the country are facing salary cuts and are even closing campuses, we are grateful for the leadership that has allowed us to preserve a high-quality, in-person learning experience for students on our campuses, while ensuring premier online learning experiences for them as well,” Frank said. “We also know that leaving positions unfilled and the ongoing possibility of future budget cuts will have real impacts that we have to navigate. But given all of the challenges we faced heading into this budget cycle, we are confident that these budgets prepare us well to continue to serve our students and contribute to Colorado’s economic recovery.”
About Colorado State University System

Colorado State University System is comprised of three distinct universities: CSU, a leading public research university and the state’s only land-grant institution, located in Fort Collins; CSU Pueblo, a regional-serving campus and federally designated Hispanic-Serving Institution; and CSU Global, the nation’s first fully accredited online university. The CSU System’s institutions serve nearly 60,000 students annually. Learn more about the CSU System and its institutions, projects, and partnerships at csusystem.edu.

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