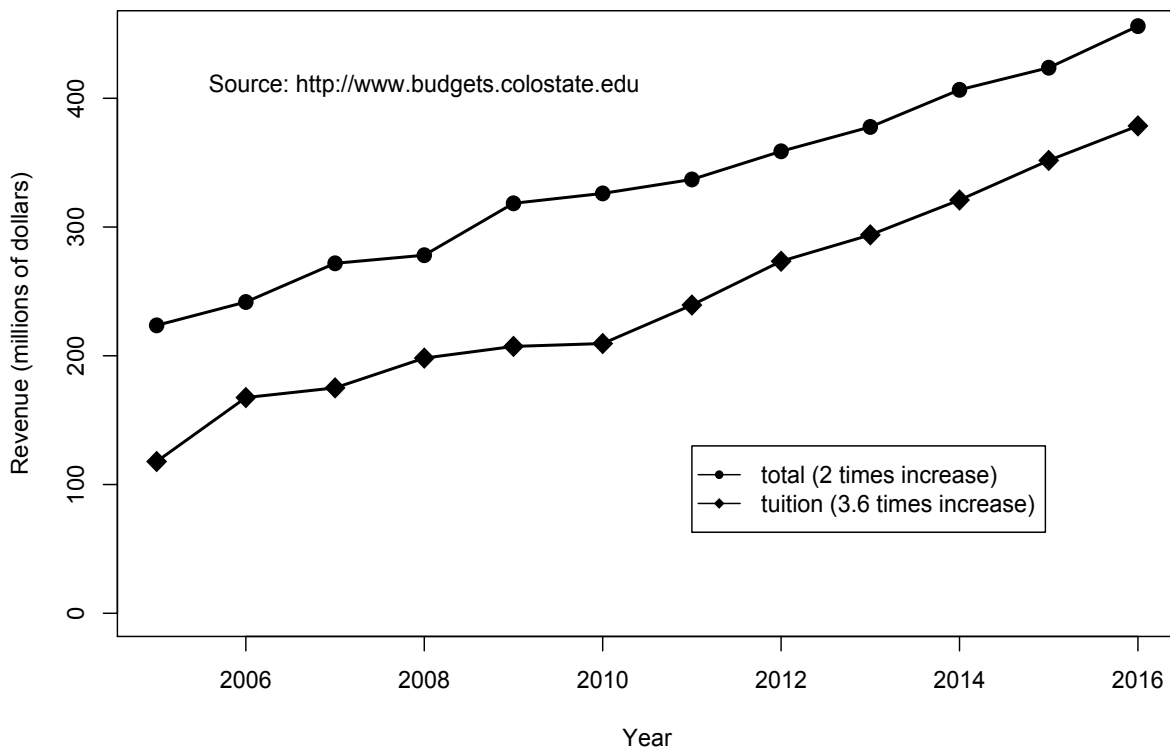


THE CSU BUDGET: Revenues and Spending Trends by Mary Meyer

Each year the provost's office requires that the colleges and departments prepare for base budget cuts of one or two percent; this exercise is called a "reallocation." Deans and chairs of departments that are struggling to cope with increasing enrollments have to take time for this unpleasant and difficult task. The provost implies that due to possible cuts in state funding, the budget is tight and difficult choices need to be made.

Information about CSU revenues is available online in the form of "budget data books" at <http://www.budgets.colostate.edu/financial-bdb.aspx>.

Let's look at the trends in CSU "total education general revenue" over the last twelve years. The main source of revenue is tuition. As seen in the plot below, both tuition revenue and total revenue have increased each year. In 2016, tuition comprised 83% of CSU revenue. In the last six years, revenue from tuition has increased, each year, by an average of 28.2 million dollars over the previous year. This is a result of increasing tuition per student as well as increasing numbers of students. The total revenue has doubled from 2005 to 2016, with the tuition revenue increasing by a factor of 3.6 over this time.



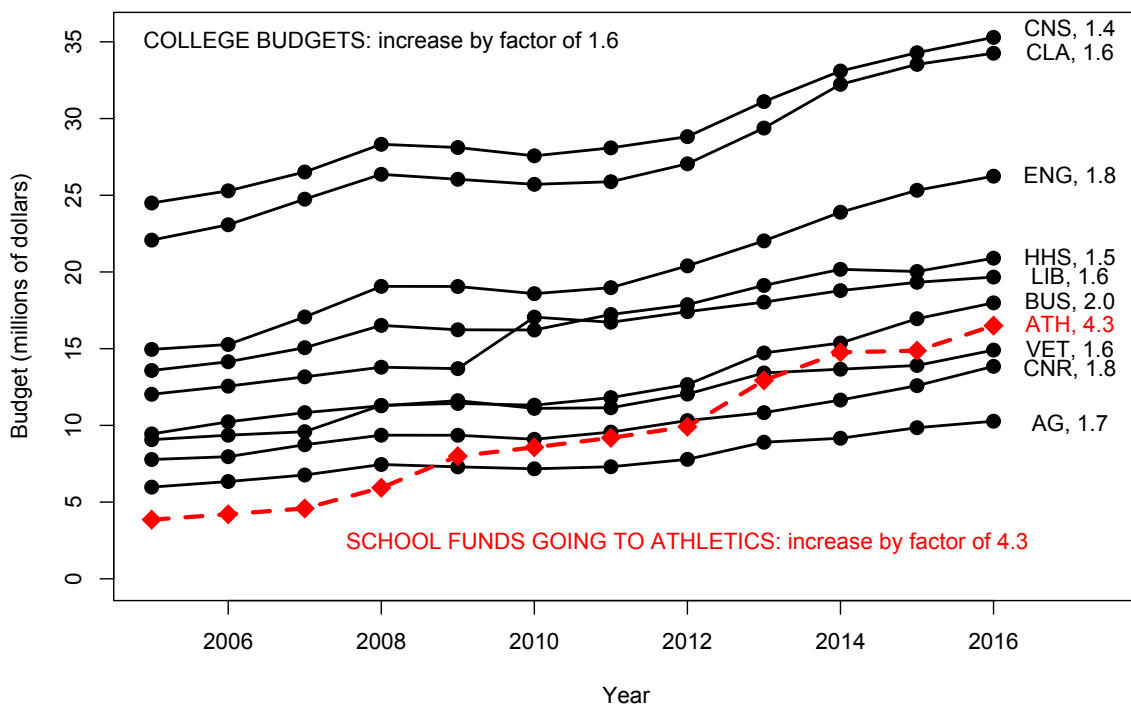
In fact, CSU's revenues have been growing rapidly. What happens to all this money?

The budgets for the nine colleges have increased at substantially smaller rates compared to the rate of increase of CSU revenue. Colleges have seen increases from a factor of 1.4 (College of Natural Sciences) to a factor of 2.0 (College of Business), with an overall increase of a factor of 1.6 over these twelve years.

The dollars from school funds that subsidize athletics, however, have increased by a factor of 4.3 in the same time period. The athletic subsidy numbers were taken from the NCAA finance page from the USA Today website:

<http://sports.usatoday.com/ncaa/finances/>

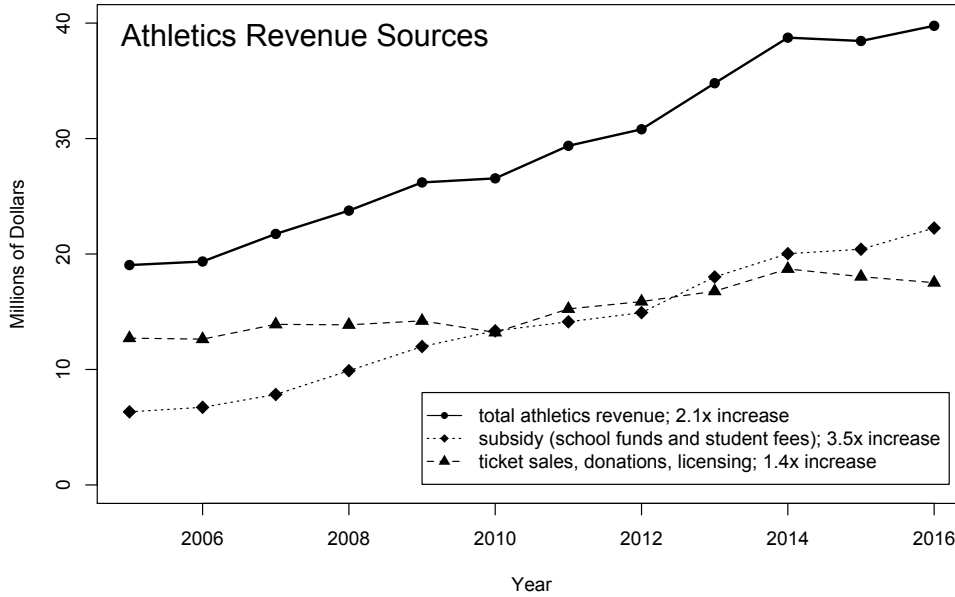
In 2005, the subsidy to athletics from school funds was smaller than any of the college budgets, but now it is larger than the budgets of three of our colleges. This is money that ought to be going to academics.



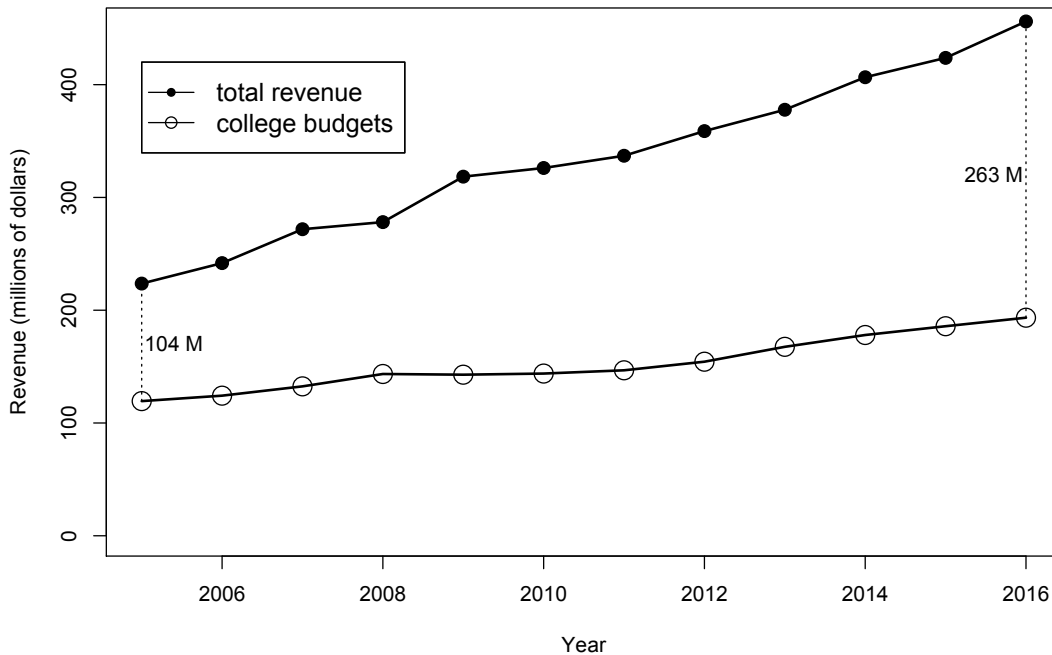
The total revenue for CSU athletics is over 40 million dollars, considerably higher than the budget for any of our colleges. Part of this revenue comes from funds generated by athletics: ticket sales, licensing, and donations to athletics comprised 44% of the revenue in 2016. However 56% is “subsidized” through school funds and student fees. In comparison, the subsidy in 2005 was 33% of the athletics revenue.

Over the years 2005-2016, the athletics revenue has increased at a rate higher than that of any of the college budgets. The unsubsidized revenue has increased by factor of 1.4 over these years, a much slower rate of increase than the subsidized revenue.

The following graph shows that the unsubsidized revenue is relatively stagnant, indicating that public interest in CSU athletics is growing slowly compared to its budget. In fact, unsubsidized revenues have decreased in the last two years.

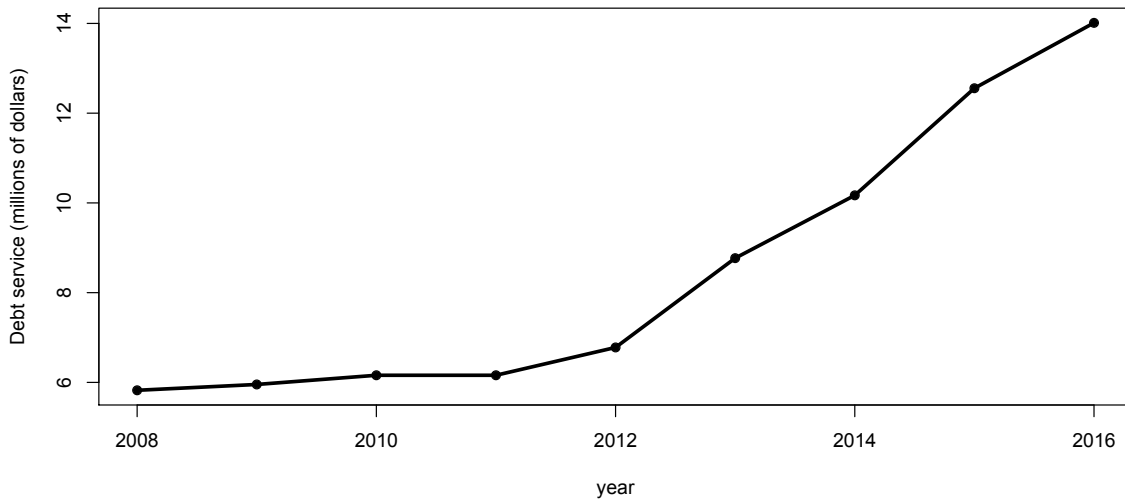


Because the total revenues have been increasing at a faster rate than the academic spending, the gap between total revenues and college budgets is growing. This is shown on the next plot. The rate of increase of the money that CSU gets from various sources is much larger than the rate of increase of the combined budgets of the nine colleges.



In 2005, CSU spent \$104 million in excess of the college budgets, and in 2016, we spent \$263 million in excess of the college budgets. Some of this increase is accounted for by the increase in athletic spending, some by increases in administrative costs, and the new buildings on campus. The cost for the new stadium is not included in the athletics budget.

Servicing the growing CSU debt is consuming more resources than ever; the following plot shows the growth of this revenue drain since 2008 (debt service information is not shown in the online budget spreadsheets previous to this year).



The rate of growth of the debt, and the growth of non-academic spending is alarming. CSU needed only \$104 million in excess of the college budgets only twelve years ago. Why did this increase to \$263 million, and where is this money going? What is the plan to pay down the debt? The university community would welcome more transparency in spending, and a voice in the spending decisions that affect the CSU mission.