



OFFICE OF THE PRESIDENT

Budget Update

April 3, 2025

Dear Colleagues,

Since I last wrote to you with a [CSU budget update](#) in January, it's fair to say that the budget process has not played out in its typical fashion. With the state facing a large and likely persistent budget deficit and the situation at the federal level creating a high degree of uncertainty, we must approach next year's budget with an extra layer of caution to protect our financial strength, prioritize jobs, and support our students and institutional priorities.

This unusual confluence of events has forced us to rethink next year's budget with an eye toward preserving the financial capacity needed to weather this period of turbulence without compromising CSU's positive momentum and trajectory. Because of that, we're having to shift gears and take some steps that we didn't anticipate even a few months ago. For instance, we recently [implemented cost-savings measures](#) across the university – including a chill in new hiring and curtailing spending on things like travel, events, and other discretionary activities.

In addition, we must adjust our strategy on compensation. To support our commitment to competitiveness and prioritize those most impacted by economic pressures, administrative professionals, faculty, and graduate assistants making less than \$103,000 in annualized salary will be eligible for salary increases of 1%. Those making more than that – representing the top 25th percentile of campus salaries – will not see a pay raise. The state independently negotiates compensation for all classified employees, who will see a 2.5% salary increase. This is certainly not where any of us wanted to be at this point in the fiscal year, and I'd like to unpack what has brought us to this point and what other decisions remain ahead.

CSU's Education and General (E&G) budget – which funds instruction, academic and student support, salaries, benefits, administration, and campus operations and maintenance – comes primarily from two sources: tuition and state appropriations. When I talk about CSU's budget outlook, it refers to the E&G budget. Most research activities, various grants, and auxiliary programs (e.g., parking, housing, and dining) are accounted for in separate, restricted accounts that do not rely on tuition or state dollars.

The new dynamic this year is that a host of executive orders, proclamations, and other directives from the new presidential administration call for dramatic reductions in federal government support for research activities across the nation. CSU received \$436 million in federal funding last year, supporting more than 1,000 jobs and more than 1,000 graduate students. Given the current uncertainties surrounding funding for research and other sponsored activities, preserving extra financial capacity will better position us to weather federal disruptions. Resources, guidance and FAQs are available on CSU's [Federal Updates website](#) and anyone with questions is encouraged to email CSU_FederalQuestions@colostate.edu.

As I have already noted, the state budget is stressed, facing a more than \$1 billion shortfall that is likely going to take several years to correct. In Colorado, public support for higher education is already among the lowest in the country, ranking 42nd out of 50 in per-student funding. Last fall, chancellors and presidents from 14 public colleges and universities in Colorado signed a letter advocating for \$80 million in new state funding and a 2.7% cap on resident tuition increases – a proposal that would have allowed schools to maintain current levels of service. I won't detail all the permutations, but lawmakers looked at many different higher ed funding scenarios during a budget process that took longer than usual. The state budget is now nearly final, with lawmakers providing a \$39 million increase in state support for higher education and a resident, undergraduate tuition cap of 3.5%. It's a better scenario than many of us were expecting – and we're grateful to state lawmakers for that – but the net impact to CSU's budget is that our built-in, mandatory costs will still exceed increases in state funding.

When you combine what's happening at the federal and state levels, it's a scenario where we have no choice but to move forward with budget reductions as part of an effort to preserve our fiscal strength. In addition to the cost-saving moves I mentioned at the top of this letter, we have asked all CSU deans and vice presidents to model budget reduction scenarios of 3% and 5%. We asked campus leaders to protect funding for programs and initiatives that align with institutional priorities, including student success and academic and research excellence. This allows for a truly strategic approach to budgeting across campus and gives university leaders flexibility to implement budget shifts within their units. It does, however, mean that budget changes will not be spread evenly. Now that the state funding picture is clearer, we'll communicate final budget numbers to campus leaders and present the complete university budget for approval by the CSU System Board of Governors at its regular meeting in May. The new fiscal year begins July 1.

I recognize it's a lot. The changes at the federal level have the potential to have a profound impact on CSU and all higher education in both the near- and long-term. We have heard the concern and stress from many within the CSU community. In the face of so many challenges, it's understandable that some would like to slow or stop efforts related to our new RCM budget model and the administrative alignment of HR and finance. Both initiatives, however, are central to improving our ability to better manage budgets at CSU. It's vital that they continue so that university leaders have the tools they need to proactively manage resources and set a course for future success. To step back now would perpetuate outdated practices that must evolve so that we are better able to insulate CSU from future volatility.

There is some good news and hope on the horizon. The undergraduate, resident tuition caps set by the legislature are significantly lower than some of the proposals that were floated during the session. All of us are united in the desire to keep tuition rates as low as possible for Colorado students and families. Also, our early enrollment numbers are strong, even projecting ahead of

last year. You may recall that last year's incoming class was the 2nd largest in CSU history and among the most diverse and academically qualified. The early signs are promising. Enrollment and retention gains would certainly help the budget situation, but we won't know where that will net out until later in the fall.

I want to close with some important perspective for all of us. CSU is in a fantastic position – we are seeing robust enrollment growth, our faculty and researchers are increasingly recognized nationally for their excellent work and scholarship, and our alumni and donors continue to invest in our future. Major construction projects are underway – [VHEC](#), the [Clark revitalization](#), the [Law Building](#), and the [ATLAS laser facility](#) – that will transform the way future generations of Rams learn and engage on our campus. Over the past few months, Provost and Executive Vice President Marion Underwood and I have sought campus input on the Strategic Roadmap 2035, a framework that will guide CSU's ambitious focus on academic and research excellence for the coming decade. In the many forums and townhalls we've hosted, it's been energizing to see how much our students, faculty and staff are invested in CSU's future and committed to the notion that we can become a national model for the modern land-grant institution. It's an inspiring vision that we should never lose sight of.

As a campus, we cannot allow ourselves to let the state and federal challenges – as serious as they are – distract us from our mission or knock us off course. I have watched this community overcome incredible challenges in the past, and I am confident that, by pulling together and focusing on the future, we will overcome the challenges that are now in front of us. Thank you for all you do on behalf of CSU.

Sincerely,

Amy Parsons
President

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