

MEMORANDUM

TO: Joan Eaton
Office of Contracts and Grants

FROM: Venessa Ortega, Office of Budget & Fiscal Planning

DATE: April 21, 2017

SUBJECT: FY2018 Inflation Factors

UPCOMING FISCAL YEAR 2018

FY2018 planning parameters are available at:

<http://www.colorado.edu/bfp/budget/budgetdevinfo/index.html>

You can check this web site periodically for updates. The initial posting for an upcoming planning year occurs in December.

INFLATION ESTIMATES

The following percentage change in the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Boulder (now Denver-Boulder-Greeley) as of March 2017.

<u>UCB</u> <u>Year</u>	<u>State Calendar</u> <u>Year</u>	<u>Inflation</u> <u>Rate</u>
FY 2018	2016	1.8%
FY 2019	2017	2.4%
FY 2020	2018	2.8%
<hr/>		
3-yr avg.		2.3%
FY2021	2019	2.3%

These assumptions will change over the course of each future budget development cycle. Updated inflation factors are released quarterly by two State offices, Legislative Council and the Office of State Planning and Budgeting. Both offices provide relatively similar information; however, there may be some discrepancies.

FOUR-YEAR EXPENSE PROJECTIONS

Salary and Operating

4-Yr. Average Annual Change (FY2018-FY2021)

Salaries and wages for investigators, postdoctoral researchers and graduate research assistants	3.0% (1)
Classified salaries	3.0% (2)
Hourly wages	3.0%
Fringe Benefits (see below section for detail)	4%
All other costs - assume Denver-Boulder CPI average	2.3%

(1) – This estimate assumes that faculty/exempt salaries will follow a trend of growth minimally above annual inflation estimates. The Board of Regents approved the FY18 general, all-campus faculty and exempt professional salary pool at 2.5% for July 1, 2017. FY19 through FY21 general salary pools are projected to increase at 3.0% annually on average, which assumes the campus will continue regular salary pool increases. As a reminder, non-classified staff compensation parameters are set for the campus annually by the Regents.

(2) – Classified salary increases are governed by the State of Colorado. For FY 18, the state recommended an increase of 2.5%. It is recommended to use exact personnel payroll adjustments to estimate the classified salary changes for FY18 since the range of salary adjustments vary depending by person. Assume the classified pool will increase on average 3.0% from FY18 to FY21, which is on par with other salaries. The volatility of the State's revenues is one major factor that will influence what happens to classified salaries in the future.

Tuition (Remission) (3)

4-Yr. Average Annual Change (FY2018-FY2021)

Graduate Resident	3.0%
Graduate Nonresident	3.0%

(3) – The Board of Regents set Tuition and fee rates for FY18 in April 2017. Refer to the Bursar's Office for the graduate tuition rates at <https://bursar.colorado.edu/>. Tuition rates are set annually by the Legislature and the Regents and are never set more than one year in advance. With the economic uncertainty and changing funding models of State funding for CU-Boulder, it is uncertain what the tuition rates will be in the upcoming years.