

MEMORANDUM

TO: Joan Eaton
Office of Contracts and Grants

FROM: Margaret Cummings, Office of Budget & Fiscal Planning

DATE: May 29, 2021

SUBJECT: FY2022 Inflation Factors

UPCOMING FISCAL YEAR 2022

FY2022 planning parameters are available at:
www.colorado.edu/bfp/planning-resources/budget-development
You can check this web site periodically for updates. The initial posting for an upcoming planning year occurs in January.

INFLATION ESTIMATES

The following percentage change in the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Aurora-Lakewood (previous Denver-Boulder-Greeley) as of April 2020.

<u>UCB</u>	State Calendar	Inflation
<u>Year</u>	Year	Rate
FY 2022	2020	2.7%
FY 2023	2021	1.9%
FY2024	2022	2.0%
3-yr avg.		2.2%
FY2025	2023	2.2%

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 (FY2022-FY2025)

Salaries and wages for investigators, postdoctoral researchers and graduate research assistants	2.5% (1)
Classified salaries	3% (2)
Hourly wages	2.88%
Fringe Benefits	2%
All other costs - assume Denver-Aurora- Lakewood CPI average	2.2%

(1) – This estimate assumes that faculty/exempt salaries will follow a trend of growth minimally above annual inflation estimates. On April 8, 2021 the Board of Regents shifted the merit salary pool cycle for faculty and university staff to a calendar year cycle instead of fiscal year cycle. In recognition of the compensation cycle shift for faculty and university and the challenges employees met during the pandemic the regents approved a one-time, non-base building 2% post-pandemic payment for salary earned July-December 2020, for faculty and university staff. FY23 through FY25 general salary pools are projected to increase at 3% 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 22, the state recommended an increase of 3%. It is recommended to use exact personnel payroll adjustments to estimate the classified salary changes for FY22 since the range of salary adjustments vary depending by person. Assume the classified pool will increase on average 3% from FY23 to FY25, 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 (FY2022-FY2025)

Graduate Resident	3%
Graduate Nonresident	3%

(3) – The Board of Regents set Tuition and fee rates for FY22 in May 2021. 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.

These estimates are subject to change due to current economic uncertainty.