

Colorado's Institutions of Higher Education are Sitting on Billions in Reserves

The collective bargaining for county and higher education employees bill will give Colorado's higher education employees a voice at work for financial transparency

Colorado's public universities and community colleges are opposing legislation that would provide their employees with a right to a voice in their wages, benefits and working conditions. The institutions are claiming the money just isn't there to raise standards for their workers, defending a status quo that leaves many adjuncts living in poverty, with some even relying on public assistance to make ends meet.

Our analysis shows that Colorado's public universities and community colleges are in strong financial health and are sitting on billions in reserves, money that could be used to raise standards. Having the right to collectively bargain would mean that workers would come to the bargaining table on equal footing with their employers, armed with information like this to make the case that their employers can do better.

Colorado's public universities and community colleges are in good financial health. As of 2021, these public institutions of higher education had more than \$4.3 billion in excess cash. These are funds that institutions can use to raise living standards for their employees. An analysis of unrestricted reserves from 2018 to 2021 shows that these reserves grew 34 percent or \$1.1 billion over this period.

Institutions can afford to pay for annual wage increases with the yearly growth in unrestricted reserves. One can see that the annual cost of 1 percent and 3.5 percent raises for all employees is far below the average annual growth in unrestricted reserves. Colorado's public higher education institutions have the financial security to absorb wage increases with unrestricted reserve growth.

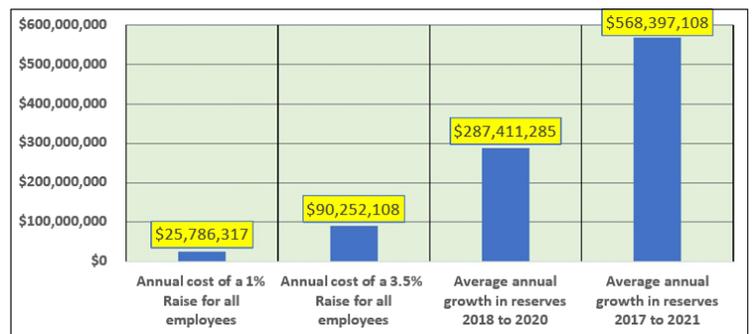
FIGURE 1:
Colorado public institutions unrestricted reserves from 2018-2021

Unrestricted Reserves	2018	2019	2020	2021
CU System	\$1,688,404,000	\$1,933,029,000	\$2,130,018,000	\$2,986,297,000
CSU System	\$449,064,000	\$502,699,000	\$502,542,000	\$690,160,000
CCCS System	\$259,006,172	\$263,988,749	\$282,089,088	\$297,606,058
*Other 7 public institutions	\$296,277,299	\$300,357,779	\$352,924,952	\$423,879,738
Grand Total	\$2,692,751,471	\$3,000,074,528	\$3,267,574,040	\$4,397,942,796
Annual \$ Change		\$307,323,057	\$267,499,512	\$1,130,368,756
Annual % Change		11.4%	8.9%	34.6%

*Other seven publics are Adams, Colorado Mesa, Colorado Mountain, Colorado School of Mines, Fort Lewis, Northern Colorado and Western Colorado.

Sources: 2021 and prior year audited financial statements. Reserves have been adjusted for GASB 68 and 75 (pensions and retiree healthcare), and these adjustments are reported by the institutions.

FIGURE 2:
Cost of a 1% and 3.5% raise for all employees vs. average annual increases in unrestricted reserves



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There is no state law that prohibits institutions from paying their faculty and staff with unrestricted reserves. In reality, their unrestricted reserve growth implies that these administrators are not providing their faculty and staff with reasonable wages and are building reserve growth through underutilization of funds and non-spending on important faculty and student matters.

Further, all institutions are in a solid financial standing when it comes to debt repayment. Looking at the most current Moody's bond ratings, all bonds are prime, which means they have a high ability to repay debt and are subject to low credit risk.

FIGURE 3:
Moody's bond rating for Colorado public colleges and universities

	Moody's Rating
CU System	Aa1
CSU System	Aa3
CCCS System	Aa3
Adams State University	A3
Colorado Mesa University	A2
Colorado Mountain College	Aa3
Colorado School of Mines	A1
Fort Lewis College	A3
University of Northern Colorado	A3
Western Colorado University	A2 (average of 2 ratings)

Although there may be concerns that the Colorado Community College System cannot afford wage increases, the data imply differently as their bond rating is the same as the CSU system, and both are in good financial standing according to Moody's.

Additional analyses into the CCCS show the system has enough to fund annual wage increases for the bargaining unit. The average annual growth of unrestricted reserves is above the costs of a 3.5 percent annual raise.

Since 2018, the CCCS' cash and unrestricted reserves assets have been growing while their debt obligations have been shrinking. All these financial measures indicate that CCCS can provide modest wage increases without additional state funding.

FIGURE 4:
Cost of a 1% and 3.5% raise for CCCS employees vs. average annual increases in unrestricted reserves

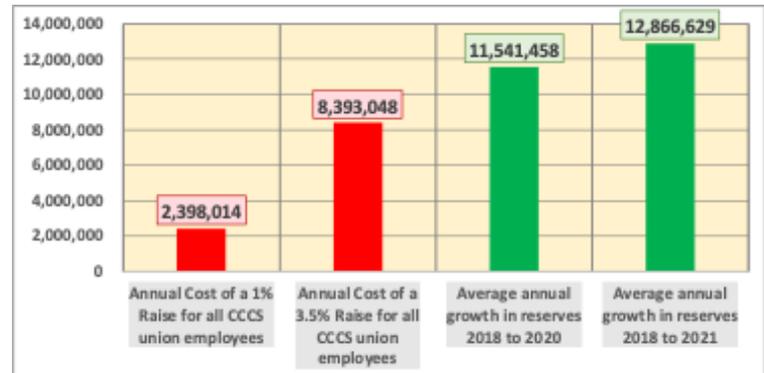


FIGURE 5:
CCCS Cash, Unrestricted Reserves, and Debt



Colorado's public higher education workers deserve a seat at the table with their employers to advocate for a better life.

In conclusion, Colorado's public institutions are in solid financial health and can afford to provide modest raises to their employees. Investing in faculty and staff prevents employee turnover and allows these employees to provide a more stable and supportive learning environment for their students. Higher education is the key toward meeting Colorado's economic goals and agenda; and supporting educators is key to meeting that goal.

FOR MORE INFORMATION:

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