

MEMORANDUM

TO: Joan Eaton
Office of Contracts and Grants

FROM: Mandy Cole, Office of Budget & Fiscal Planning

DATE: March 18, 2024

SUBJECT: **FY2025 Inflation Factors**

UPCOMING FISCAL YEAR 2025

Salary escalation: All faculty and staff at the University of Colorado Boulder have an approved salary to be used when building budgets for sponsored proposals.

Compensation included in a sponsored project budget should receive the escalations below for each project year, based on the employee type. In addition, salaries are reviewed annually and adjusted accordingly. This increase is relevant to all individuals including classified, administrative, academic, and research personnel along with graduate research assistants, postdoctoral researchers, and hourly student workers.

	<u><i>5-Yr. Average Annual Change (FY2025-FY2029)</i></u>
Salaries and wages for investigators, postdoctoral researchers, and graduate research assistants	3.2%
Classified salaries	3.0%
Hourly wages	3.0%

Fringe escalation: Fringe rates for various employment classifications are calculated annually by the University of Colorado Boulder and approved by the US Department of Health and Human Services (DHHS). Fringe benefit estimates in a sponsored project budget include the calculated rate based on the employment classification of an individual and are escalated based on a 5-year rolling average which is reviewed annually and adjusted accordingly. This escalation accounts for increases in fringe benefit components that occur each year. Our projection for FY25 and beyond will include a 2.0% annual escalation for all fringe categories.

Graduate Tuition and Fees escalation: The Office of Budget & Fiscal Planning works closely with stakeholders at CU Boulder and CU System to track and monitor annual increases to tuition and mandatory fees. The escalation rates below are based on established trends and other economic and institutional factors.

<u>Tuition + Mandatory Student Fees (Remission)</u>	<u>5-Yr. Average Annual Change (FY2025-FY2029)</u>
Graduate Resident	3.0%
Graduate Nonresident	3.0%

Operating Expense escalation: The operating expense escalation for FY25 is based on the percentage change in the United States Bureau of Labor Statistics Consumer Price Index (CPI) for Denver-Aurora-Lakewood, by comparing the annual 2023 CPI index measurement against the annual 2022 CPI index measurement.

For future years (FY26-30), the annual escalation is based on a 5-year average of CPI projections from the annual Budget Outlook report by the US Congressional Budget Office (CBO).

Fiscal Year	Calendar Year	Inflation Rate
FY 2025	2023	5.2%
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5-yr avg.		
FY 2026-30	2024-2028	2.3%