



CU Boulder Budget

Arts & Sciences Council

November 2019

Lead. Innovate. Impact.

- Current-year budget
 - *Sources of revenue*
 - *Uses of revenue*
- Campus budget process
 - *How decisions are made today*
- Writing a new story for CU Boulder
 - *Design principles for a new budget model*

Current Budget Overview

Fiscal Year 2019-20



Sources of Funding

Education & General Budget

- Student tuition and fees
- State government funding
- Indirect cost reimbursement

Auxiliary Funds

- Auxiliary operating revenue
- Sales and services of educational departments

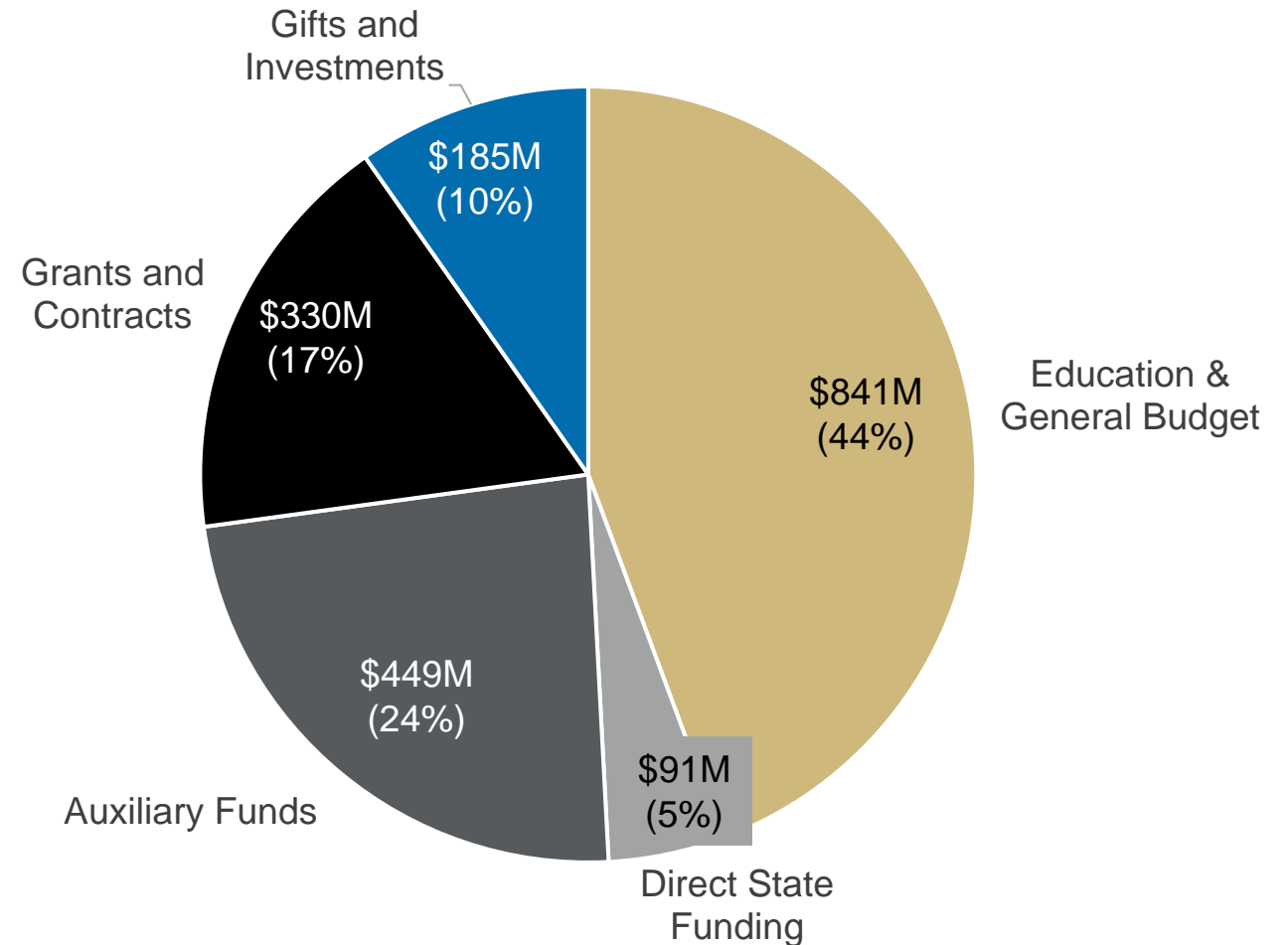
Grants and Contracts

- Federal, state and local grants and contracts

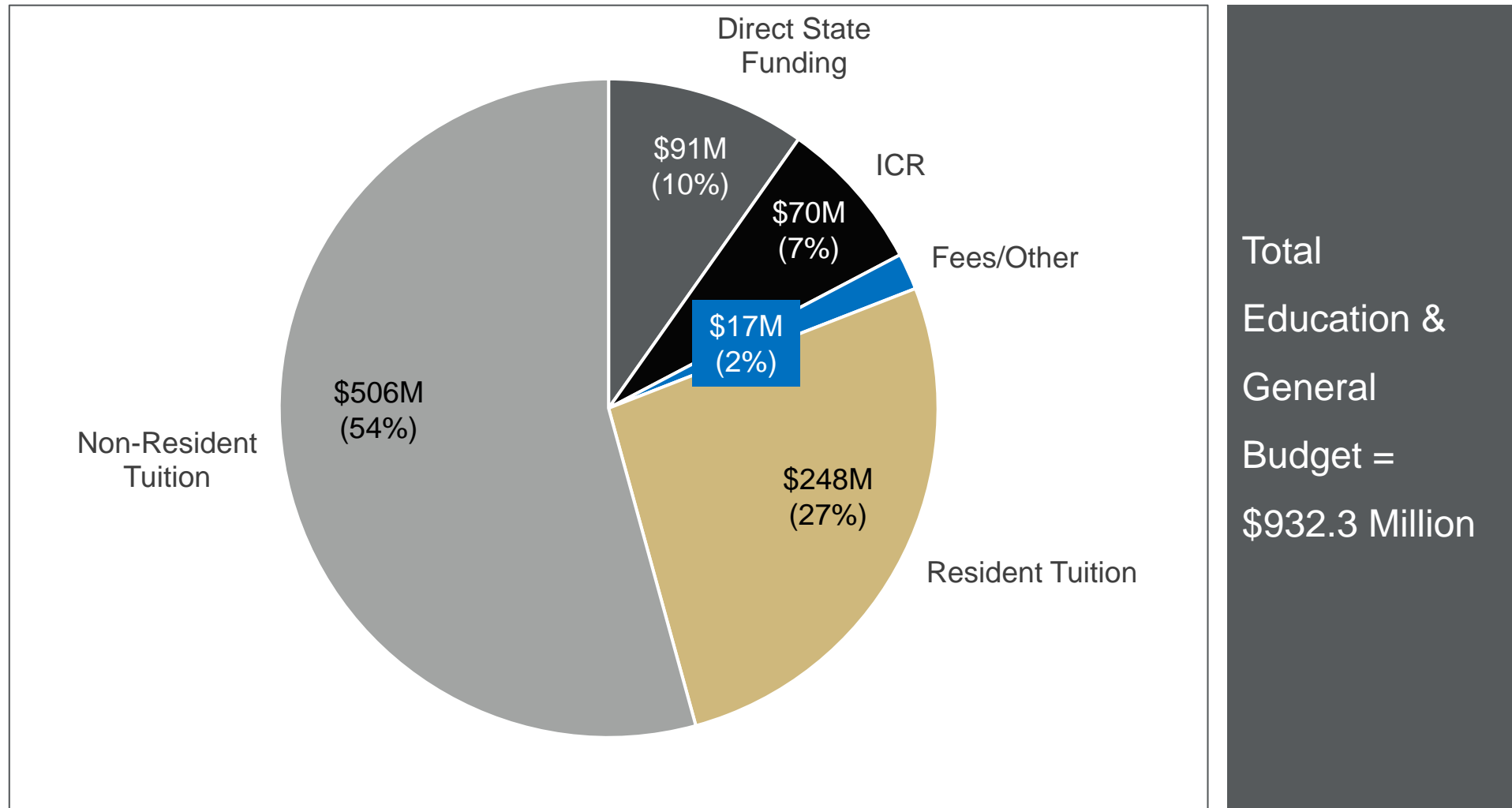
Gifts and Investments

- Gifts and donations
- Endowment and investments

CU Boulder Revenue Budget, FY2020: \$1.9B

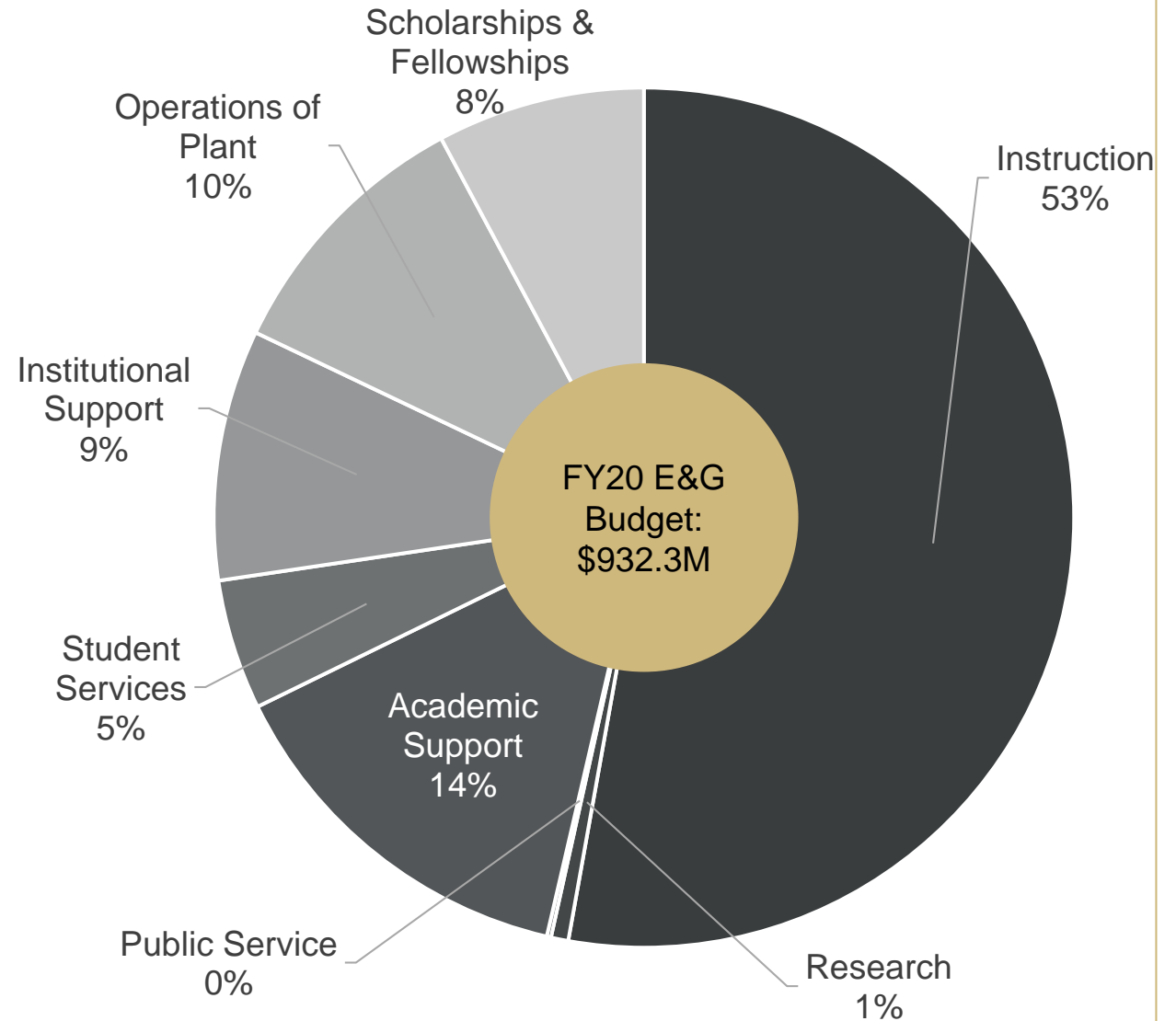


FY2020 Education & General Budget



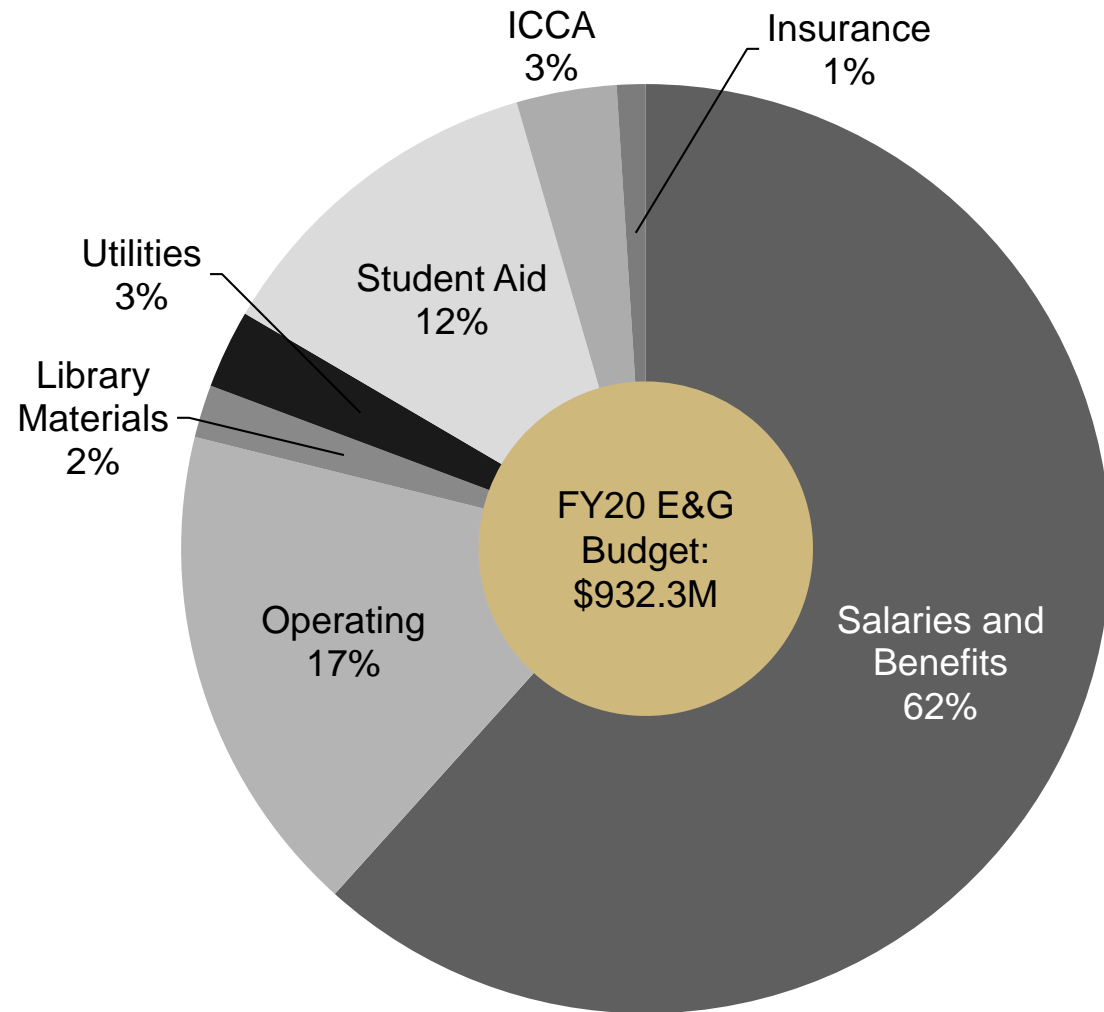
Uses of Education & General Funds – by Expense Category

- **Instruction:** Programs and activities that deliver instruction
- **Academic Support:** Departments that support instruction, libraries and IT
- **Operations of Maintenance & Plant:** Maintenance of facilities, including police
- **Scholarships:** Financial aid ranging from need-based to graduate student fellowships
- **Institutional Support:** General administration of the campus
- **Student Services:** Supports student-centric activities, registrar and admissions
- **Research:** Research projects and direct support services
- **Public Service:** Educational activities intended to serve the general public



Uses of Education & General Funds – by Expense Type

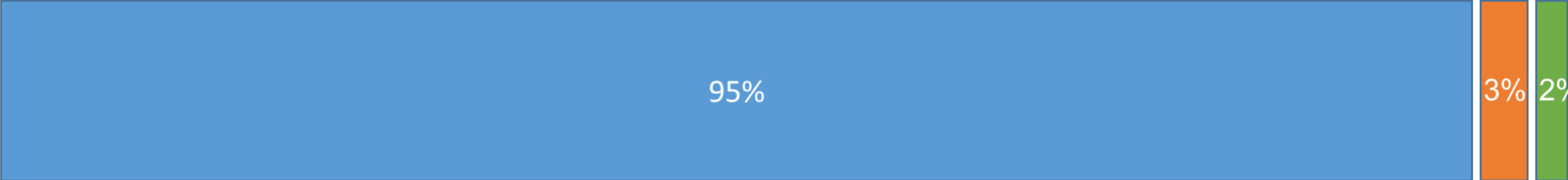
- **Salaries and Benefits:** Includes faculty, staff, graduate student faculty, and hourly employees
- **Operating:** Includes departmental ICR (DAICR), Academic Program Allocations (APAs), revenue shares, deferred maintenance, state funding contingency reserves, and general operating
- **Library Materials:** Costs to maintain existing subscriptions and journals, increases 6-8% annually
- **Utilities:** Cost of utilities for General Fund buildings
- **ICCA:** Inter-Campus Cost Allocation; the amount paid by the campuses for CU System-provided services (procurement, payroll, etc.)
- **Student Aid:** Need- and merit-based institutional financial aid
- **Insurance:** General liability, property, workers' compensation



Campus Budget Process

The challenge of our current budget model

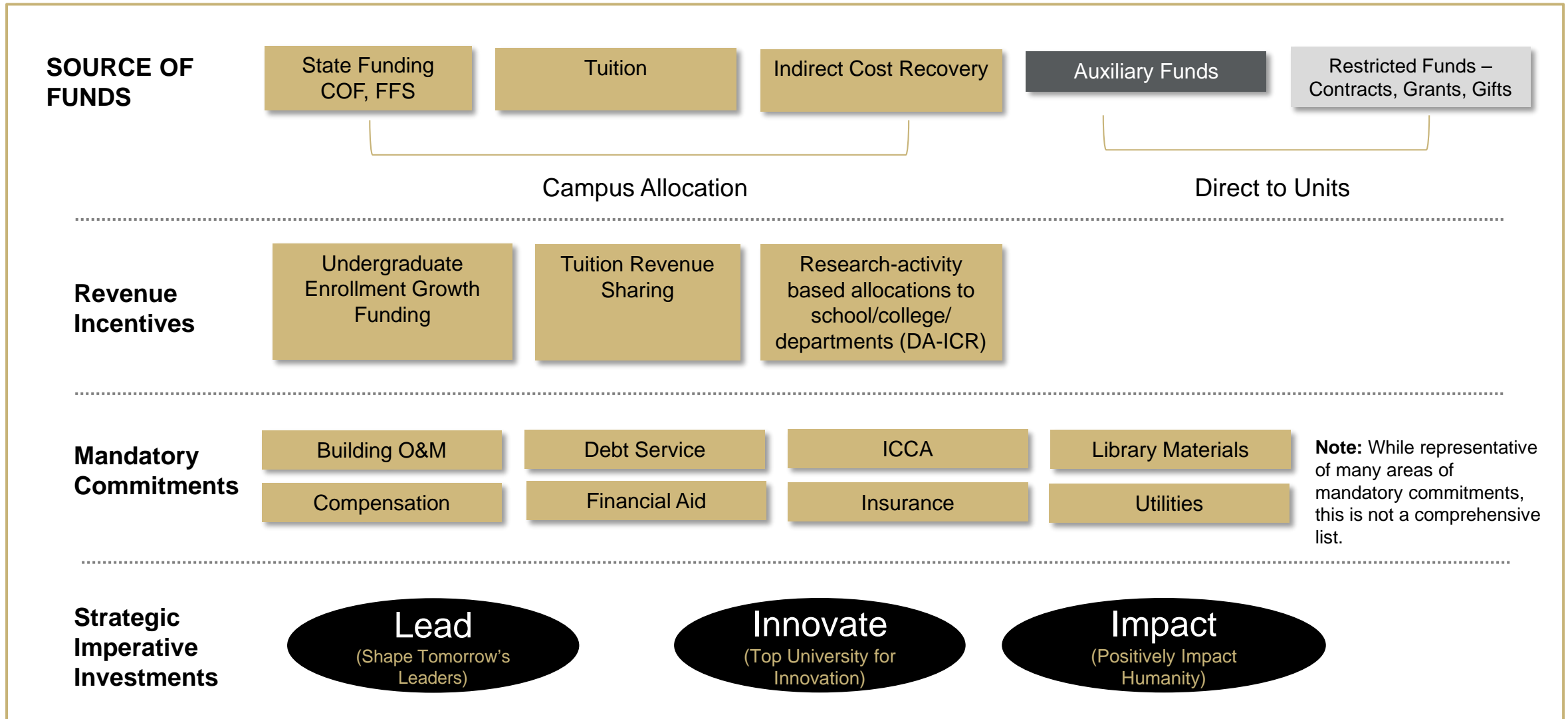
Budget:



Time:



Our current model

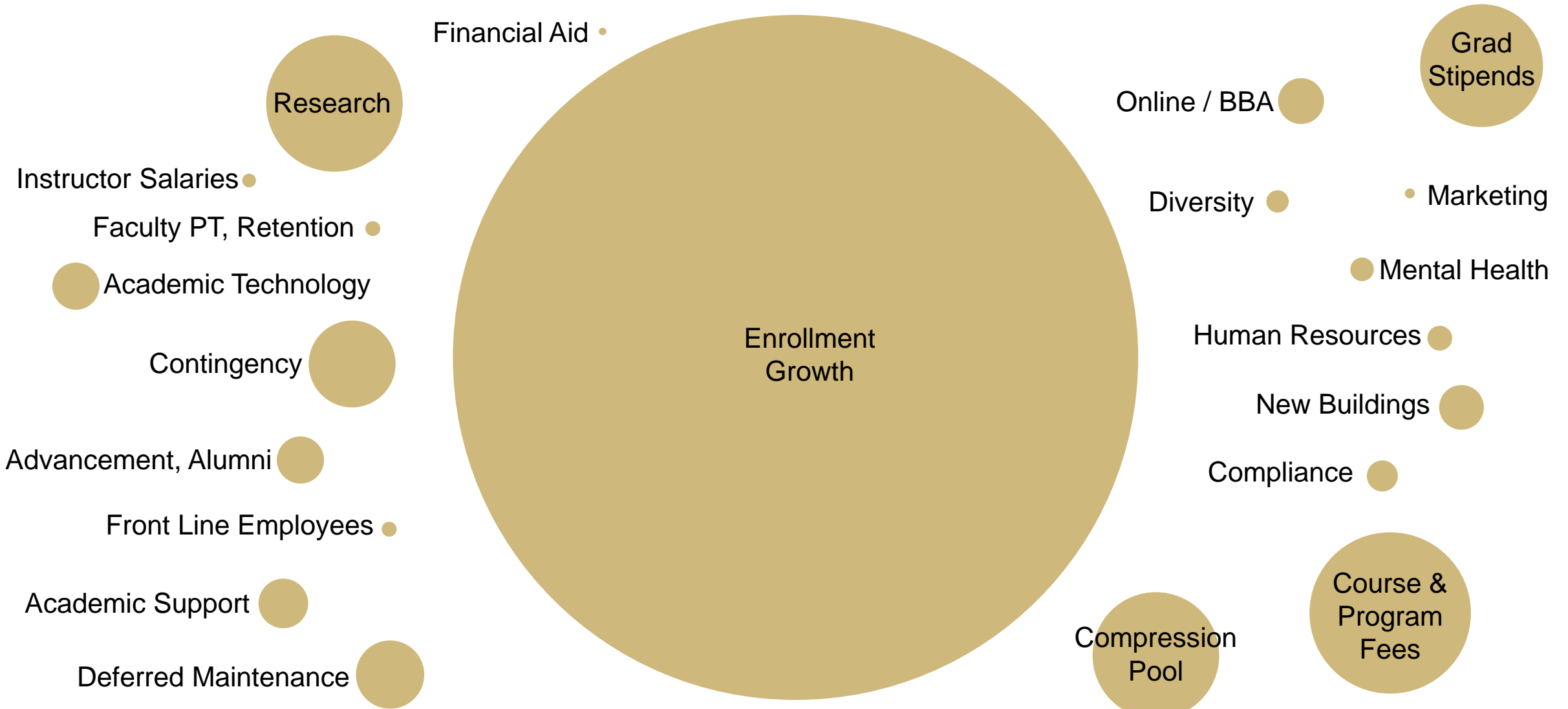


What kinds of investments we've made

While not comprehensive, the below grid shows examples of CU Boulder strategic investments in support of our university mission and campus strategic imperatives—and the people, programs and outcomes they enable.

Lead	Strategic investments that enhance the student, faculty and staff experience to support the growth and development of CU Boulder people				
(Shape Tomorrow's Leaders)	Veteran Student Services	Student Advising	Salary Compression	Disability Services	Enrollment Model
	International Student Support	Graduate Student Stipends	Frontline Service Employees	Human Resources	Diversity and Inclusion
<hr/>					
Innovate	Strategic investments that encourage innovative and entrepreneurial CU Boulder programs and support services				
(Top University for Innovation)	Research Seed Grants	Business Minor, Engineering, PhD	Technology	Research	
	Online	Industry Collaboration	Tech Transfer	MOOCs	
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Impact	Strategic investments into affordability, research, outreach, partnerships, etc. that directly contribute to positive CU Boulder-enabled outcomes				
(Positively Impact Humanity)	Esteemed Scholars Program	Undergraduate Resident Guarantee	STEM summer outreach	Arts and Humanities Merit Scholarship	Mental Health and Wellness
	Enrollment Contingency	Course and Program Fee Elimination	Colorado Mesa and Western Partnerships	CU Promise	Advancement

And how much has been invested in the last five years



What we heard

“Is growing undergraduate enrollment the goal for CU Boulder? Is that the right incentive? Why are we only incentivizing growth given limitations to space? Has campus costed out growth for undergrad? **It’s unclear that financial incentives are aligned with realities.** I’m not convinced that we have a clear picture of revenues and costs.”

- Dean

“We are not proactive. We are reactionary. Forward-looking planning is not in our culture.”

– Unit Finance

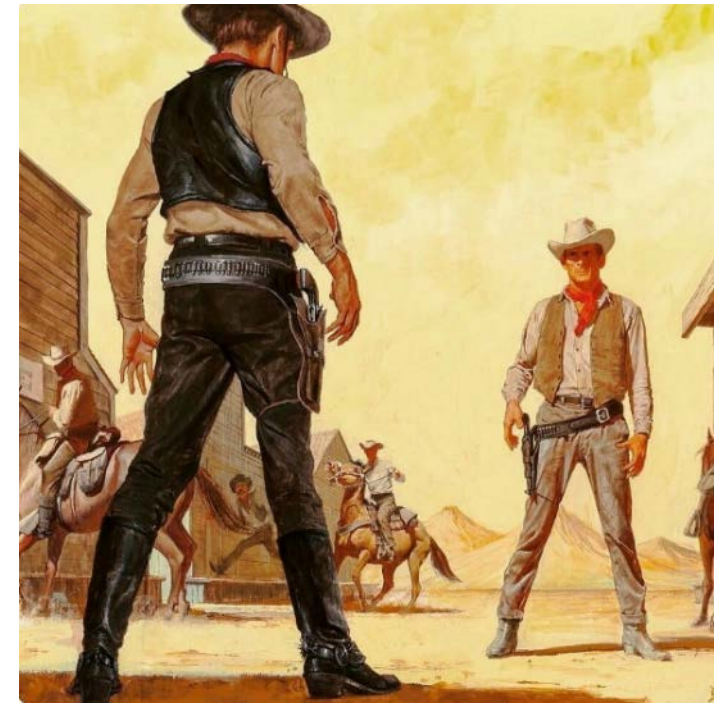
“We need **transparency** in financials because right now, people think that budget allocation is politically driven.”

- Dean

“There is no incentive because **the worst thing that will happen is getting the same amount of budget as last year’s.**”

- Dean

What we know



Writing a new story

Principles for a budget model redesign

Previously drafted budget model principles (Huron)

CU Boulder's budget model should:	Element
Reflect and execute the university's mission and priorities	<ul style="list-style-type: none">• Mission / Strategy
Be understandable, easy to manage, logical and transparent	<ul style="list-style-type: none">• Simple / Transparent
Promote and reward performance, success, and innovation	<ul style="list-style-type: none">• Incentives / Innovation
Foster trust and responsibility around decision making	<ul style="list-style-type: none">• Accountability / Responsibility
Provide predictable funding to support our ability to be strategic in our planning	<ul style="list-style-type: none">• Planning

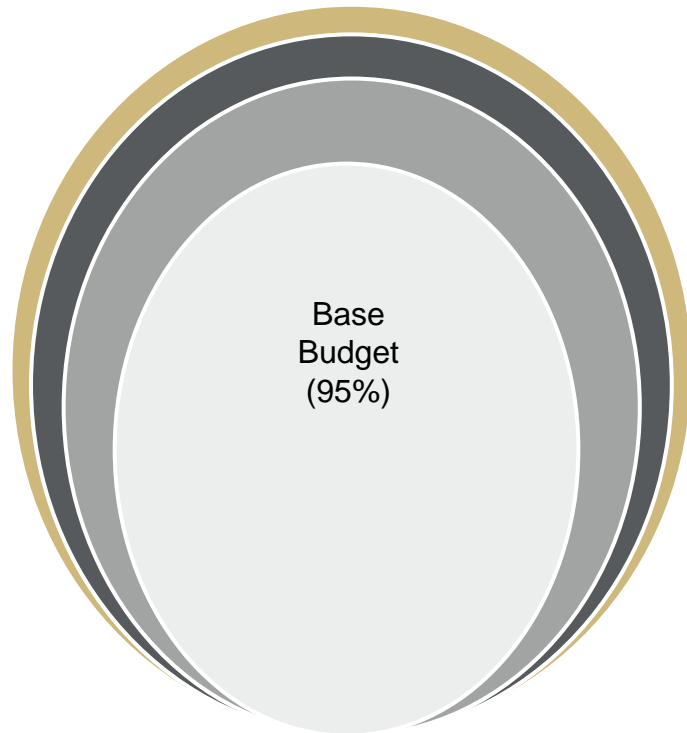
Assessment of budget models compared to principles

Budget model type	Mission / Strategy	Simple	Transparent	Incentives / Innovation	Accountability / Responsibility	Planning
Incremental Allocations based on history	Low	High	Low	Low	Low	High
Performance based Allocations based on performance metrics	Med	Med	High	High	High	Med
Outcomes based Allocations based on intended outcomes	High	Med	High	High	High	High
Activity based ROI based allocations	Low	Low	High	High	Med	Med

What an outcomes-based model could look like

ILLUSTRATIVE

Current budget model structure



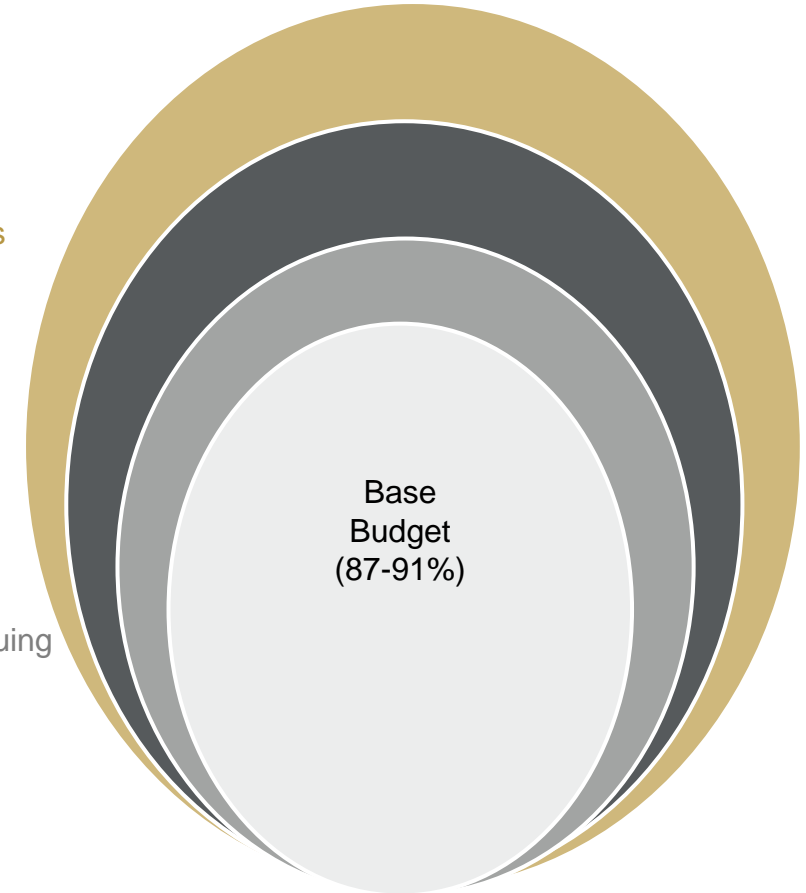
Campus-wide strategic initiatives budget³ (1%)

Incentive-based budget² (1%)

Adjustments to prior year continuing base¹ (3%)



Potential future budget model structure



Campus-wide strategic initiatives budget³ (3-5%)

Incentive-based budget² (3-5%)

Adjustments to prior year continuing base¹ (3%)

¹ Adjustments include merit increase, benefits, academic unit financial aid, and unit-specific adjustments (e.g., Libraries, deferred maintenance, utilities)

² Incentives include undergraduate enrollment, professional masters program, and indirect cost recovery

³ Campus-wide strategic initiatives budget will be determined through a unified review process based on prioritization of needs

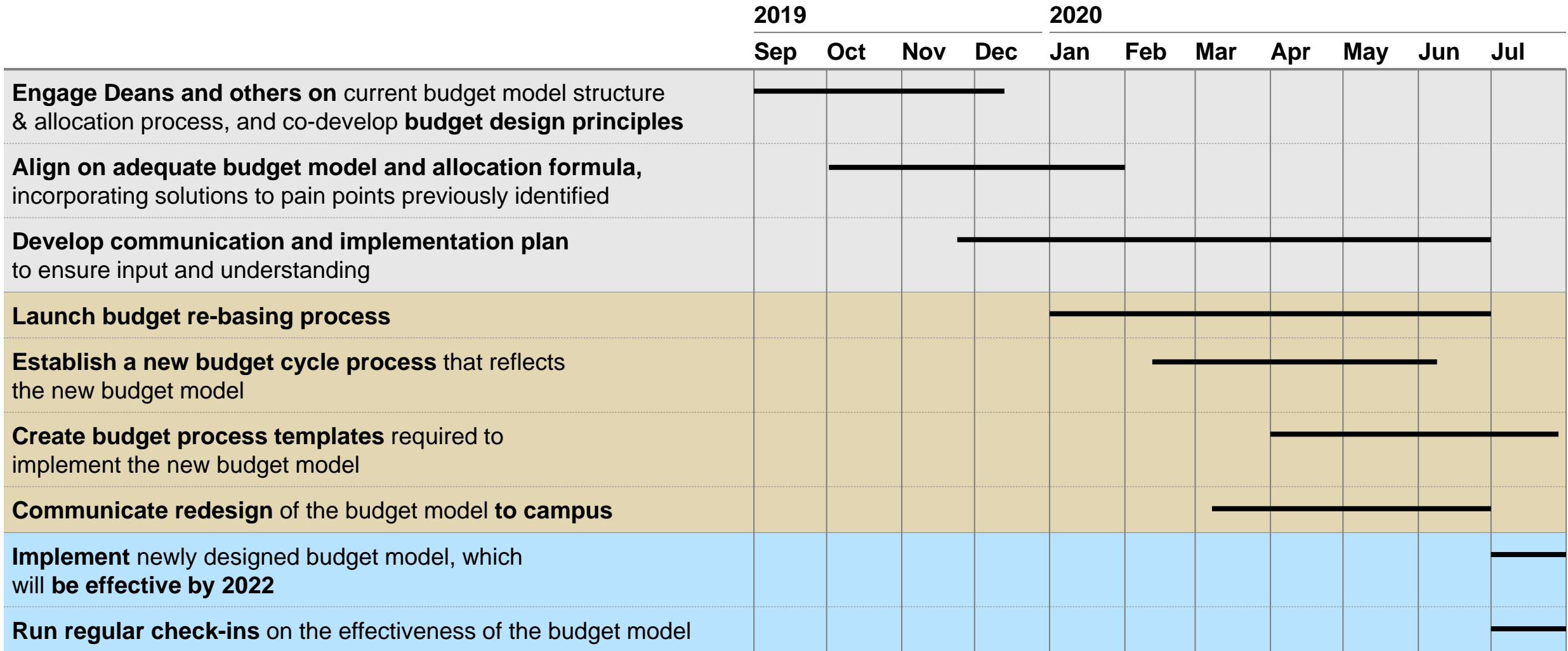


Preliminary timeline for redesign

Wave 1: Next 3 months

Wave 2: Next 12 months

Wave 3: Next 36 months





History of Funding by School and College

Arts & Sciences Council

November 2019

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Background and Assumptions

April 2016 – Huron base budget assessment for fiscal years 2006-2015

Summer 2019 - Request from A&S Budget Committee for 5-year history

Key Assumptions

- Student Credit Hours (SCH) taught is an activity (cost) driver
- Base budget is continuing only, no temporary budget included
- Tuition does not equate to budget, e.g., tuition differentials

Net Tuition

Fiscal Years 2015 - 2019

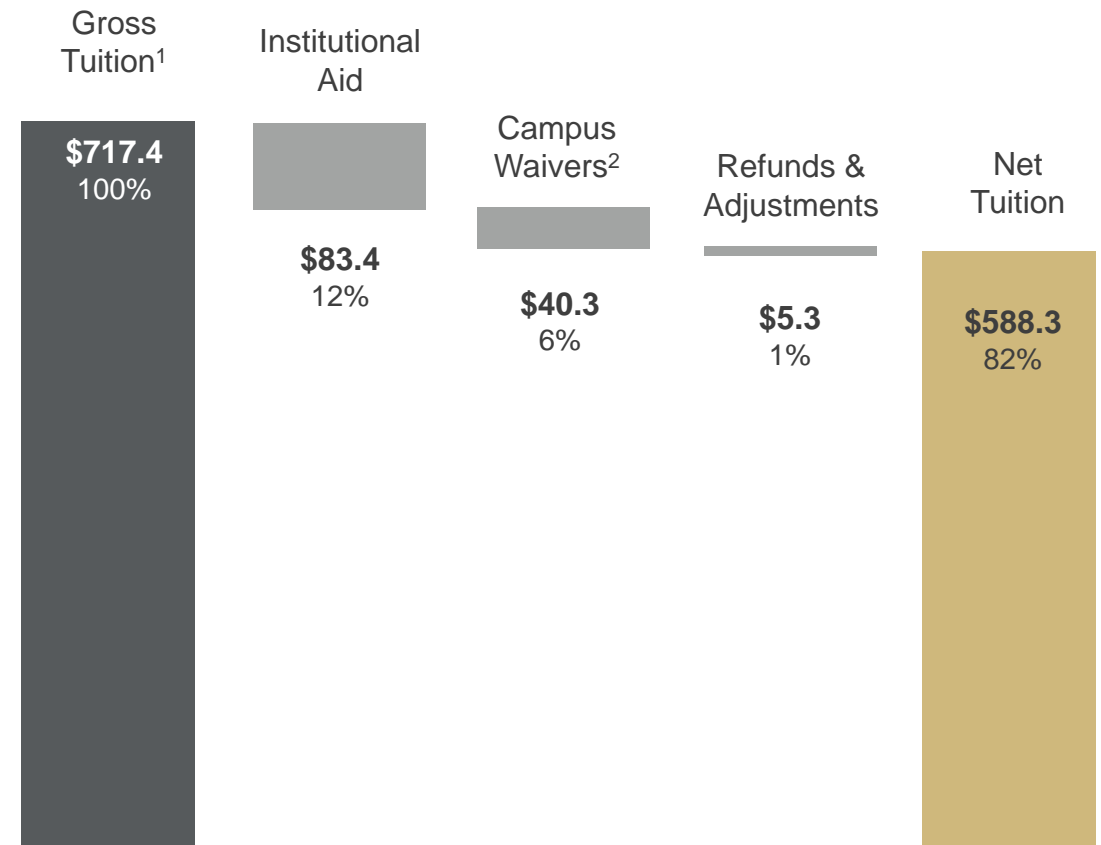


Net Tuition

There are several components that must be considered when reporting campus tuition:

- **Gross tuition:** Tuition billed directly to students
- **Institutional aid:** Amount of need- and merit-base aid provided by the campus
- **Campus waivers:** Campus-funded costs for graduate student and employee waivers
- **Refunds and Adjustments:** Tuition refunds granted to students (e.g., withdrawals), adjustments for residency, etc.
- **Net tuition:** Actual tuition revenue, net of adjustments

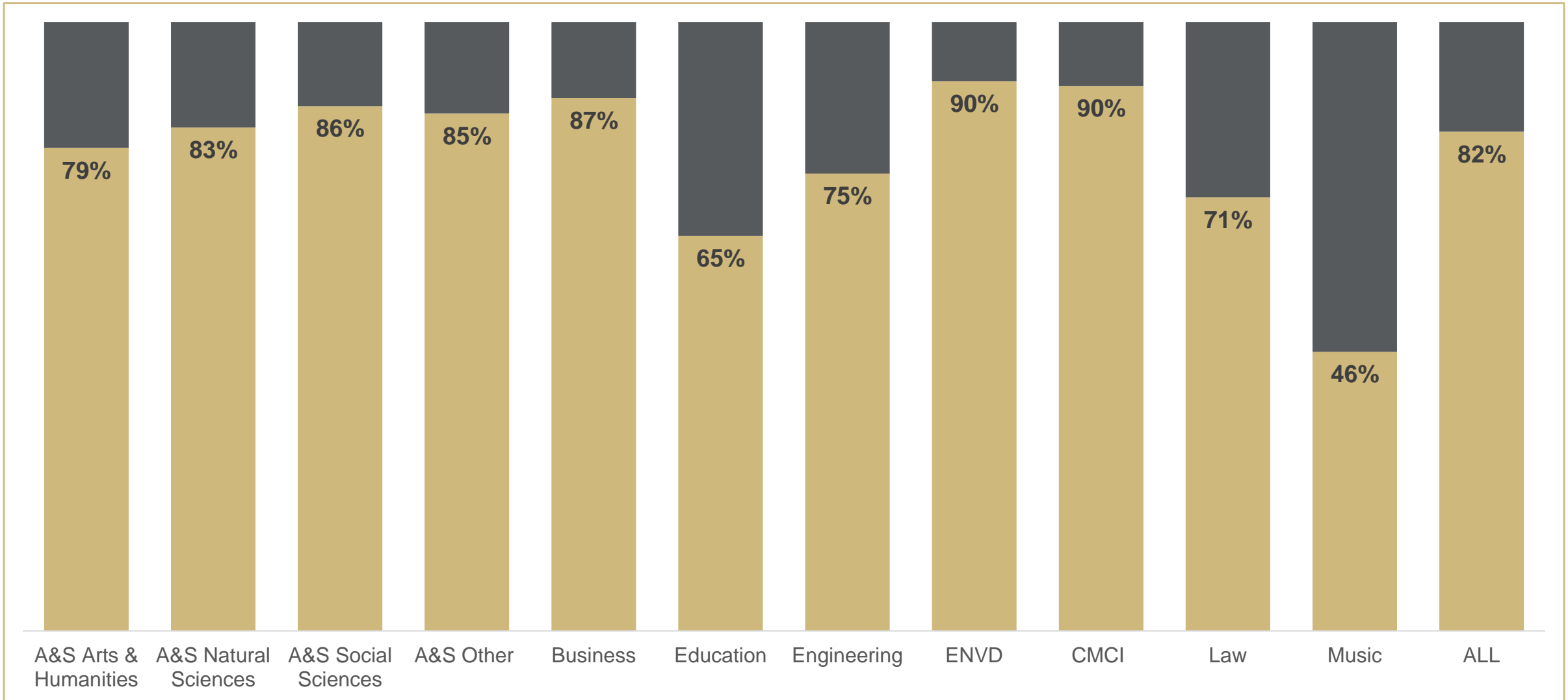
Tuition Components (millions)



¹ Gross tuition does not include COF

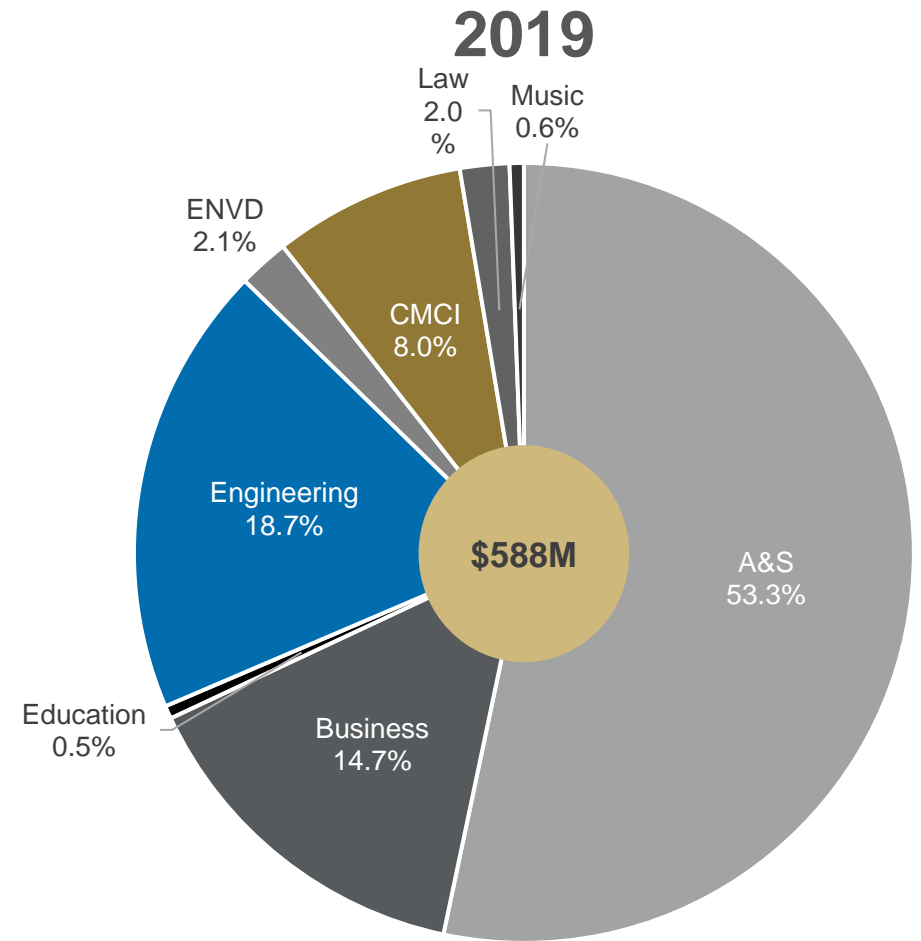
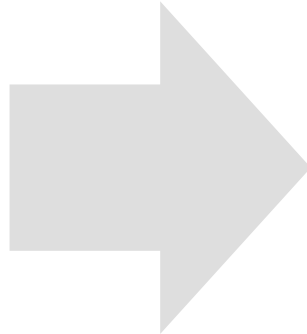
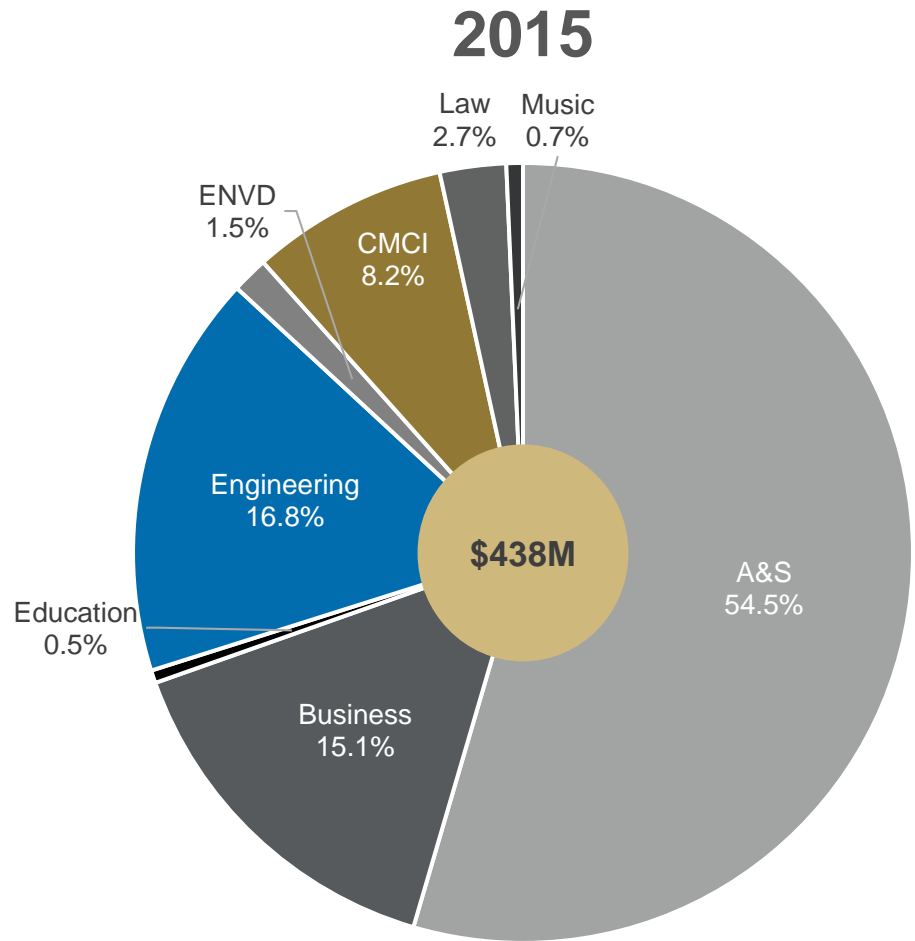
² Campus waivers include RA/TA and Faculty/Staff

Net Tuition as % of Gross Tuition FY 2019

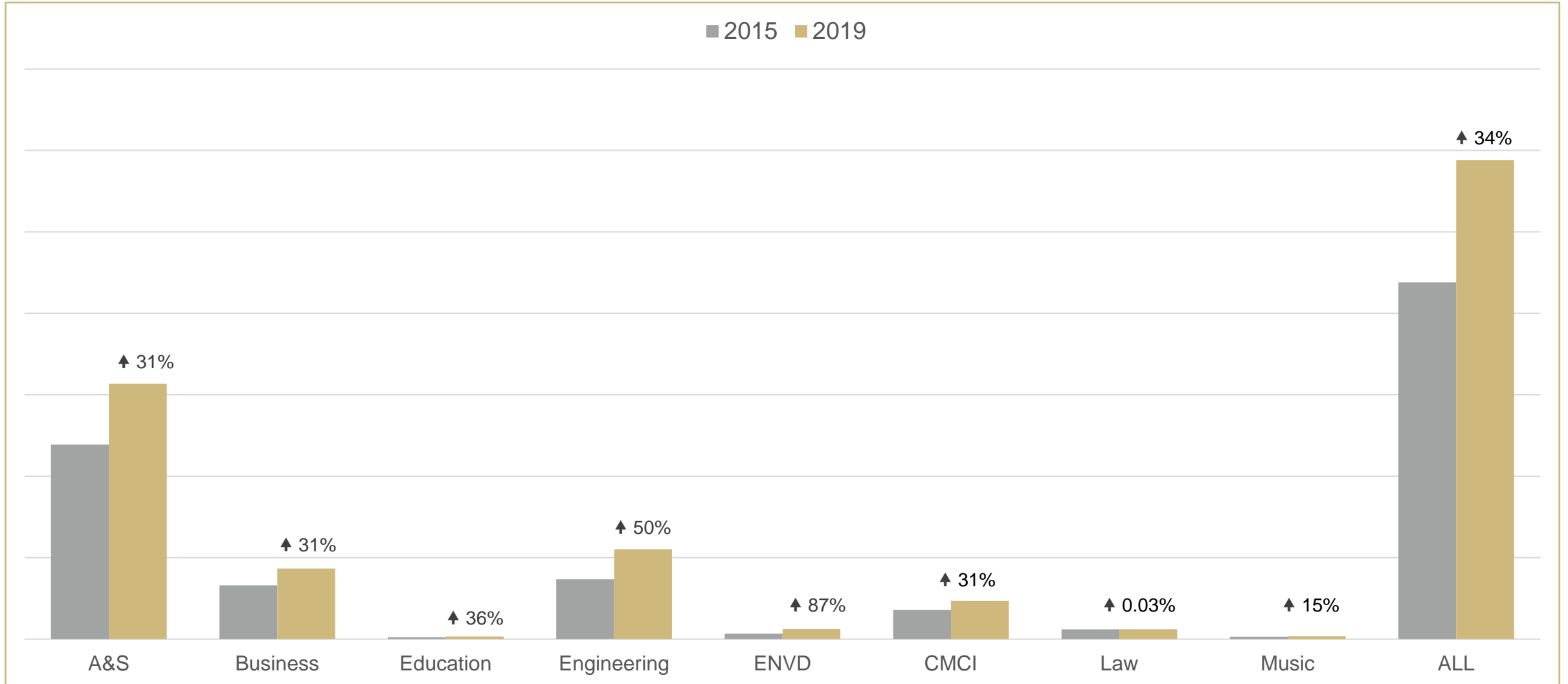


*Other A&S (distributed studies, open option, non-degree, etc.)

Net Tuition - Proportion by School and College



Change in Net Tuition by School and College

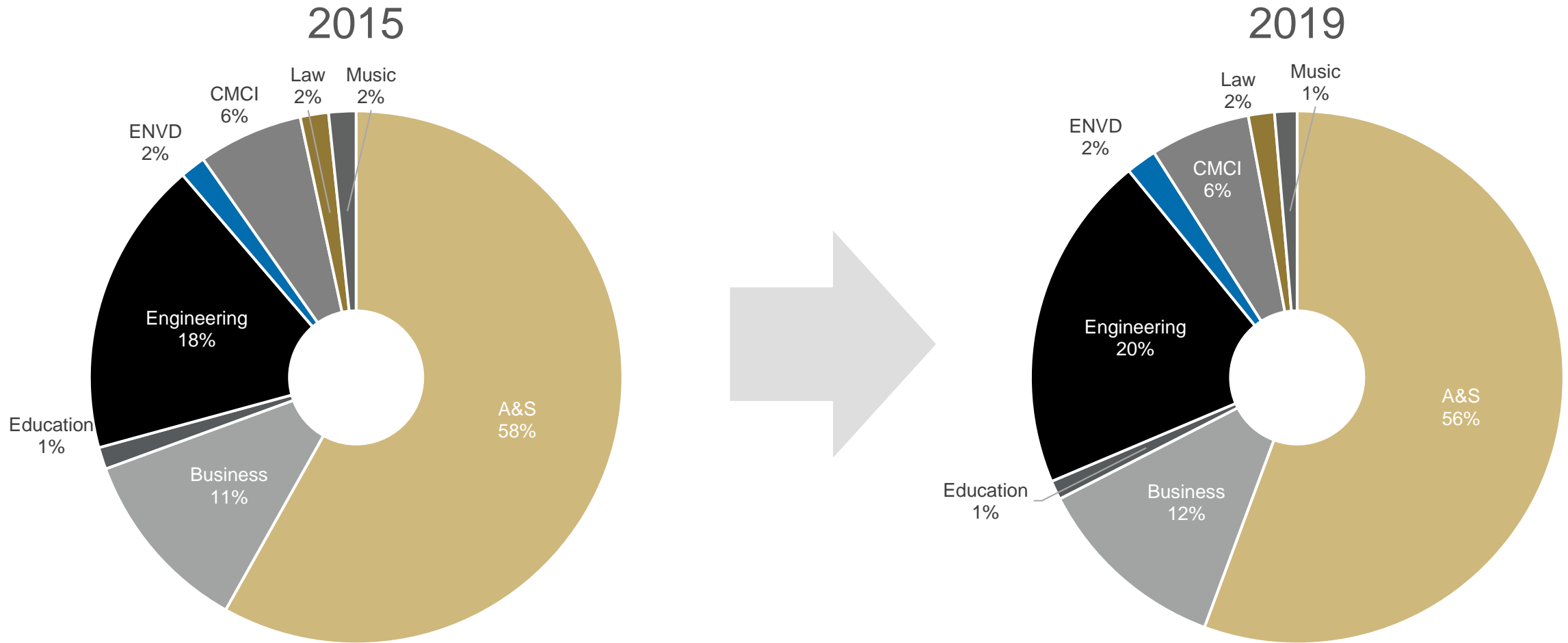


Enrollment

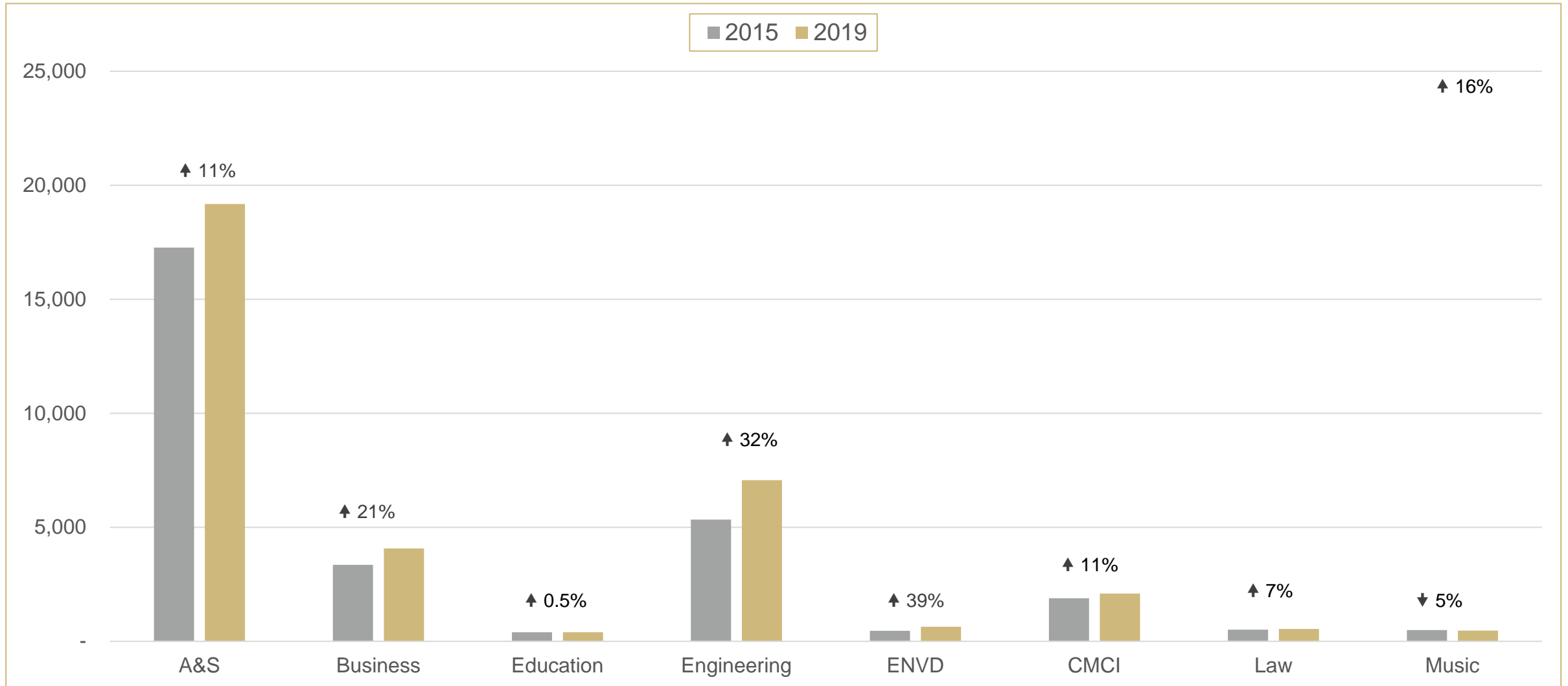
Fiscal Years 2015 - 2019



Enrollment by *Major* - Proportion by School and College

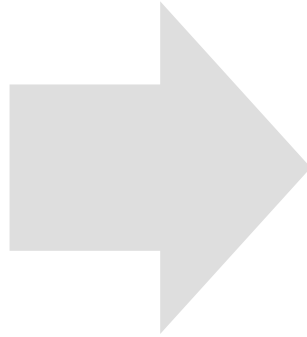
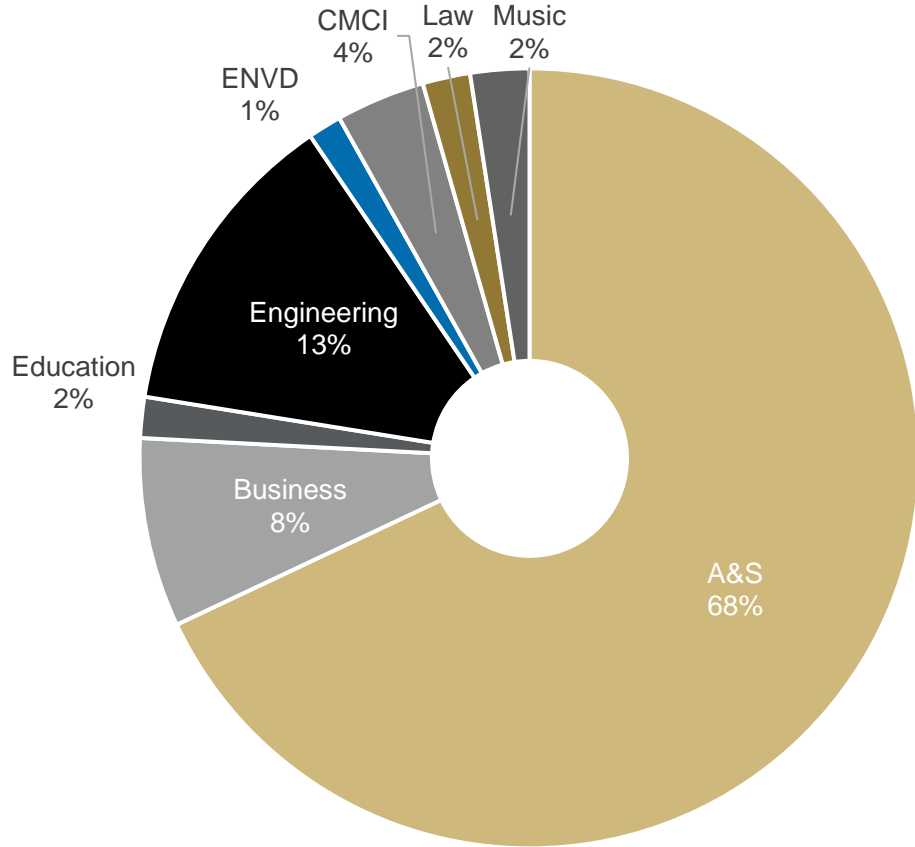


Change in Fall Headcount (Majors) by School and College

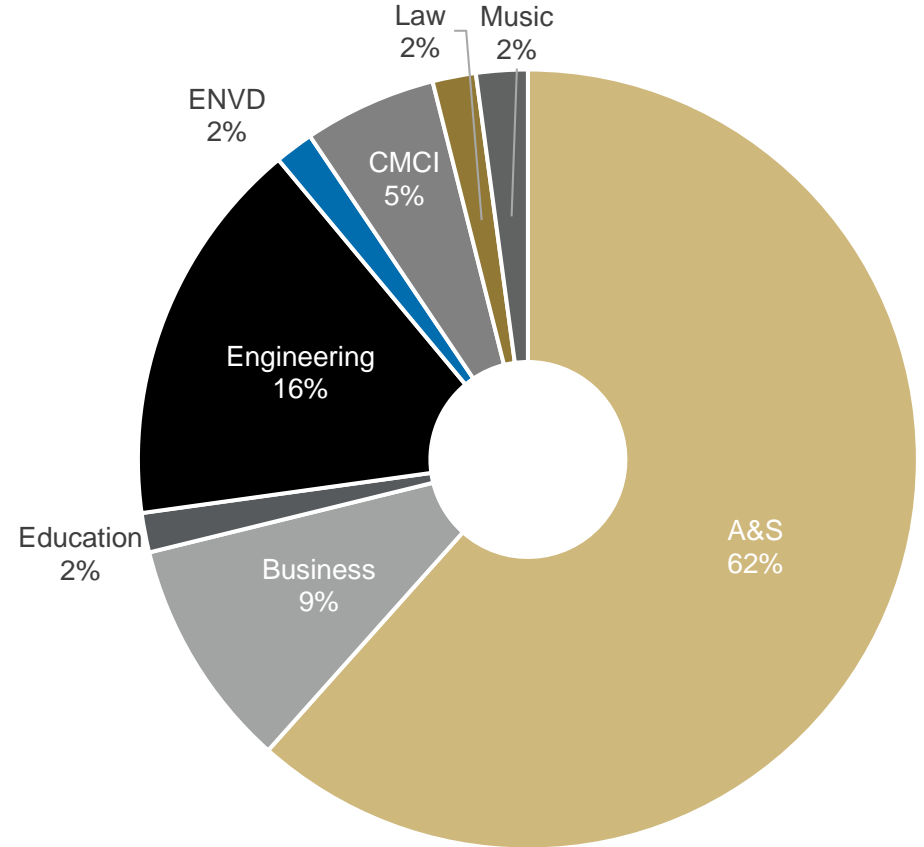


Enrollment by SCH Taught - Proportion by School and College

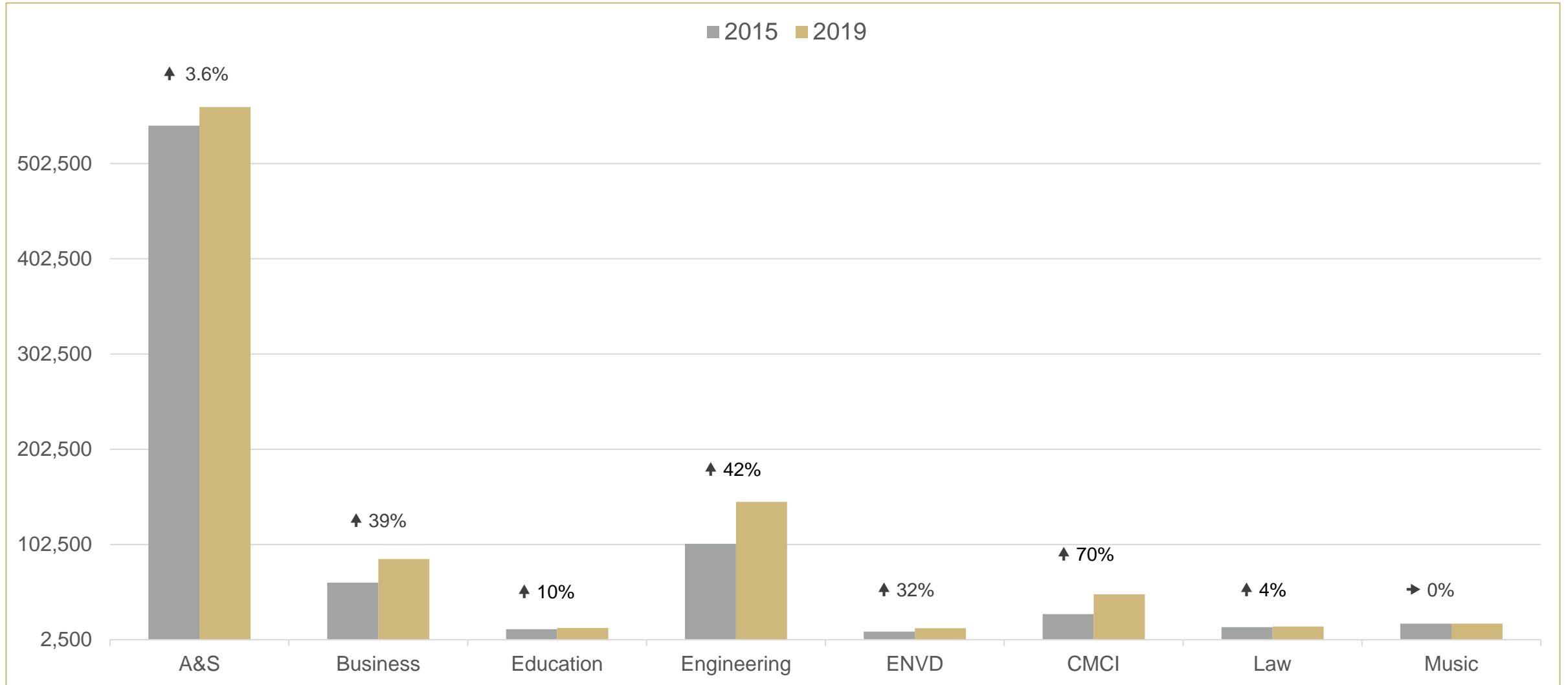
2015



2019

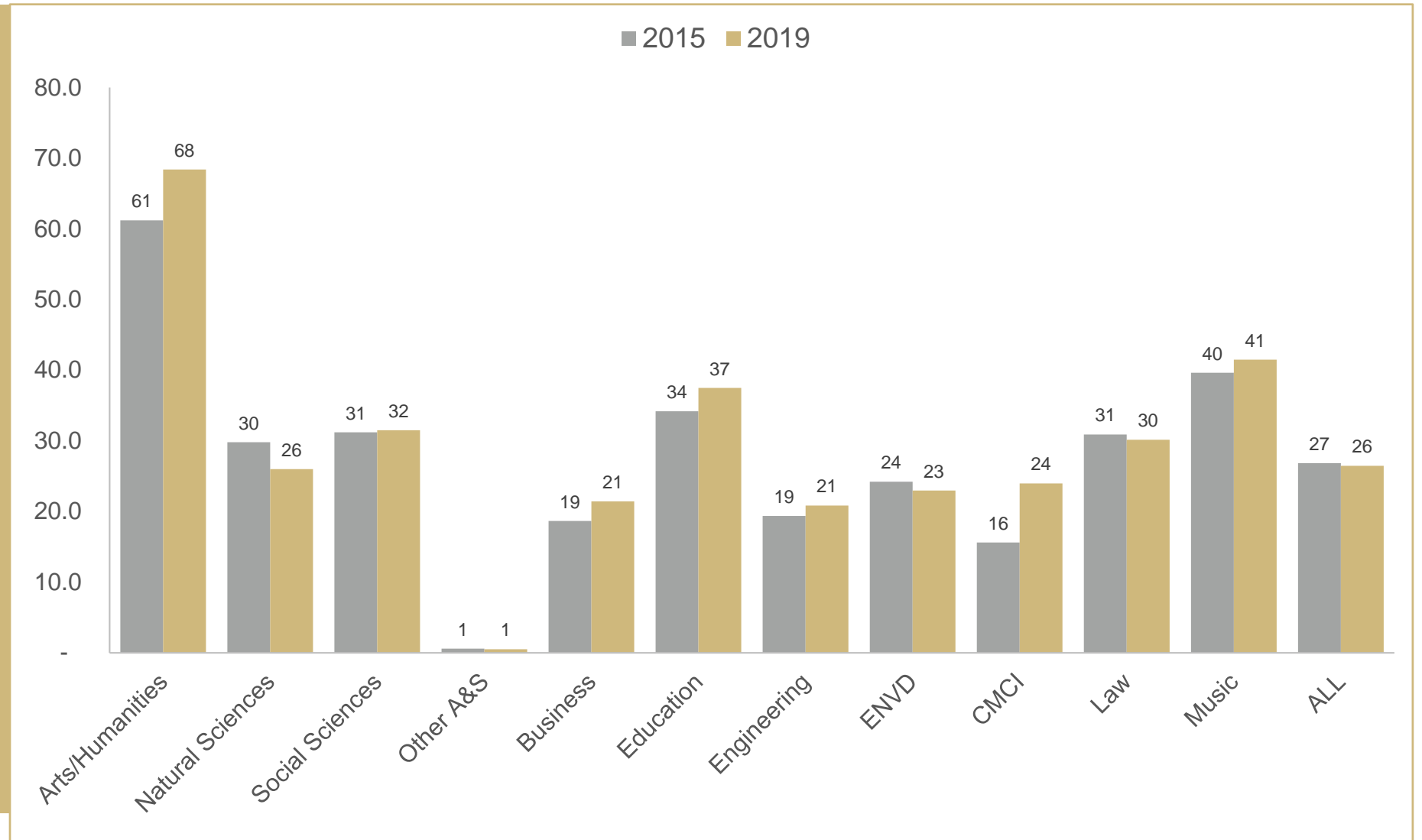


Change in SCH Taught by School and College



SCH Taught per Major Enrolled, by School and College

Changes in this measure reflect a growth (or decline) in SCH taught that exceeds (or is less than) the rate of growth (or decline) in majors – possibly due to interdisciplinary teaching, changes in student course loads



Base Budget

Fiscal Years 2015 - 2019

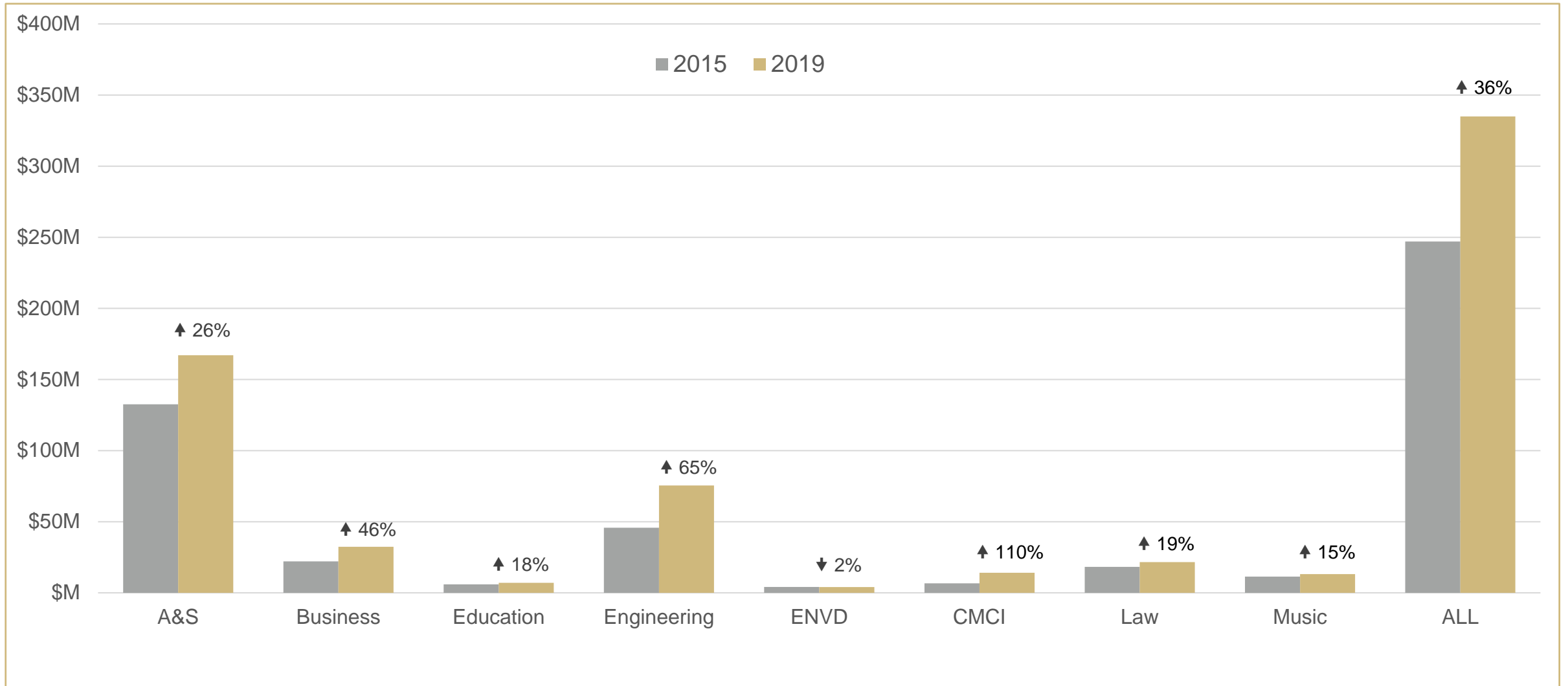


Base Budget Impacts 2015 to 2019

In addition to merit and other standard factor increases:

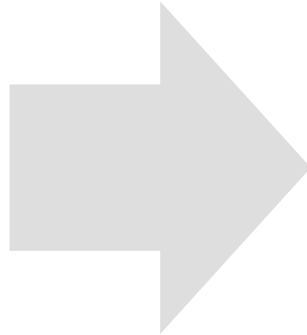
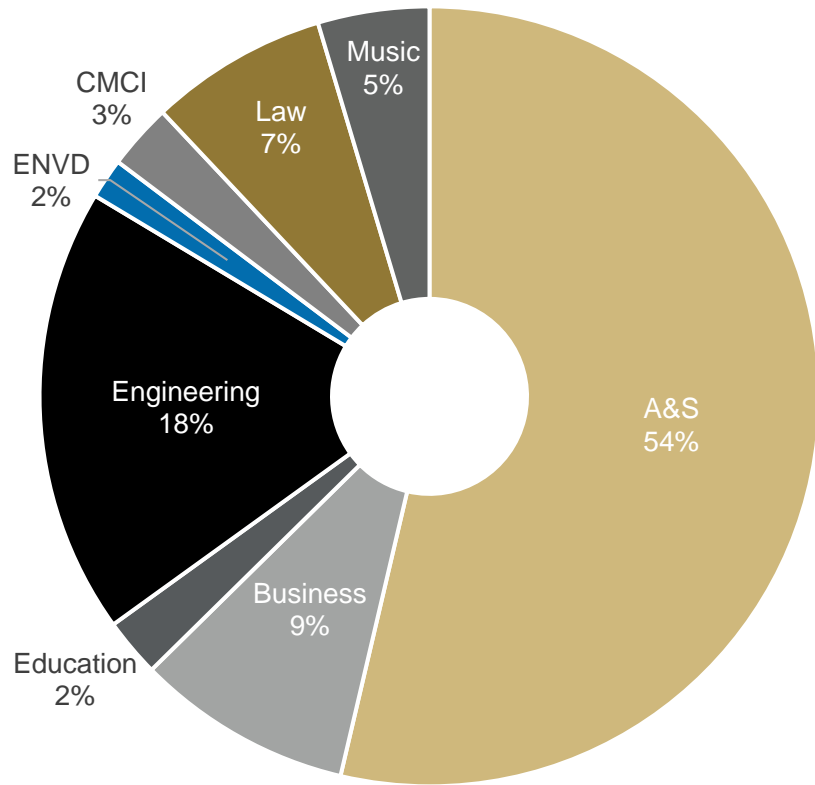
- College of Media, Communication and Information founded in fall 2015
- Undergraduate Enrollment Growth Model began fall 2015, grew from \$5.0M to \$8.3M
- Graduate student stipends grew from \$24.4M to \$30.9M

Change in Base Budget by School and College

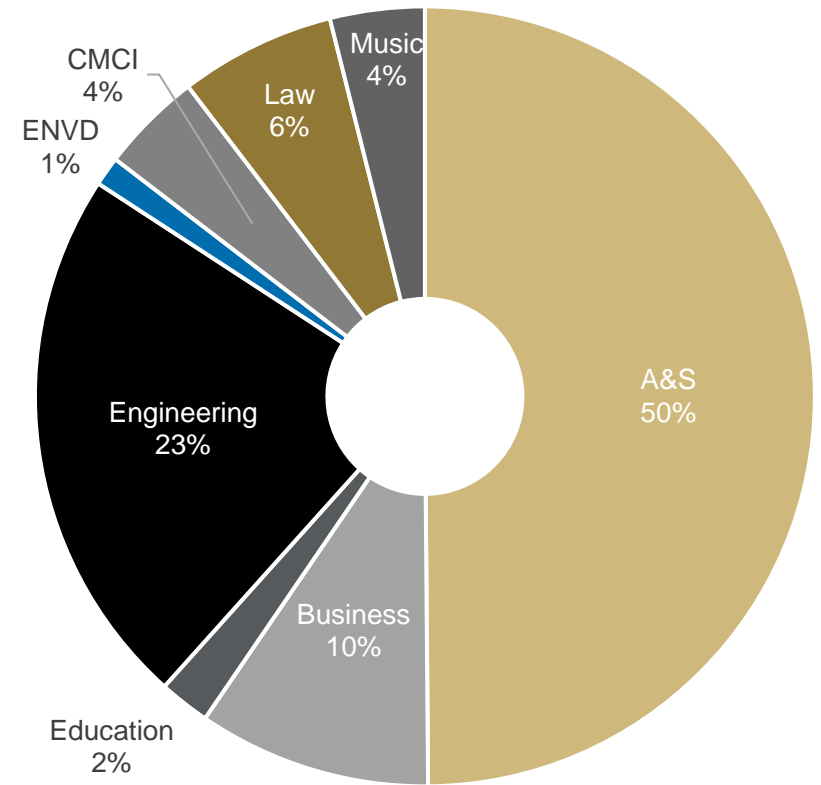


Base Budget - Proportion by School and College

2015

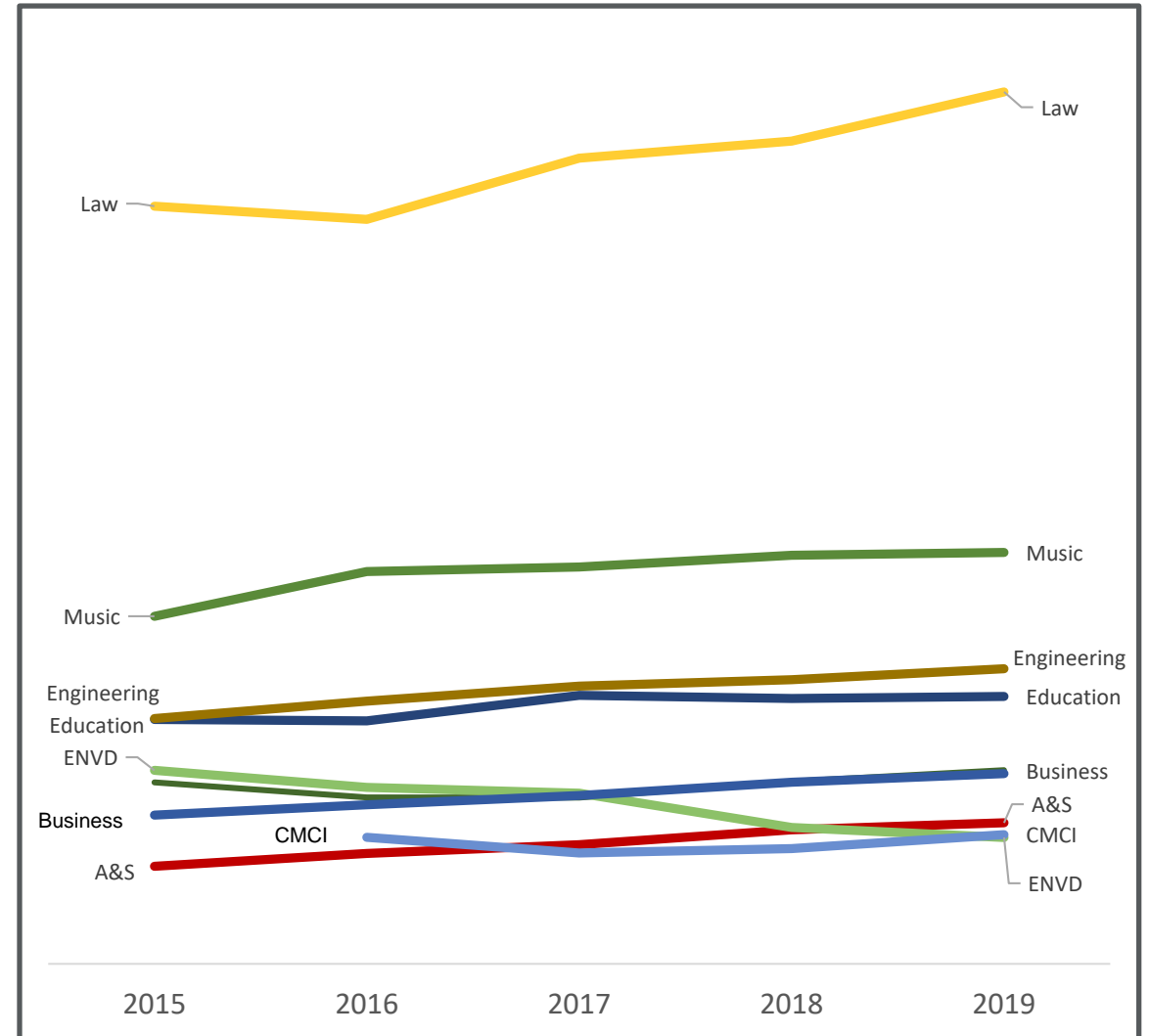


2019



Budget per SCH Taught

School/College	2015	2019	Δ
A&S	\$ 237	\$ 297	26%
Business	\$ 354	\$ 371	5%
Education	\$ 442	\$ 474	7%
Engineering	\$ 443	\$ 513	16%
ENVD	\$ 371	\$ 277	-25%
CMCI ¹	\$ 277	\$ 281	1%
Law	\$ 1,160	\$ 1,320	14%
Music	\$ 586	\$ 675	15%



¹ 2016 amount used for comparison