
CU Boulder Budget

Arts & Sciences Council

November 2019

• Current-year budget
  o Sources of revenue
  o Uses of revenue

• Campus budget process
  o How decisions are made today

• Writing a new story for CU Boulder
  o 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

- **Direct State Funding**: $841M (44%)
- **Auxiliary Funds**: $449M (24%)
- **Grants and Contracts**: $330M (17%)
- **Gifts and Investments**: $185M (10%)
FY2020 Education & General Budget

Total Education & General Budget = $932.3 Million

- **Direct State Funding**
  - **$91M (10%)**

- **ICR**
  - **$70M (7%)**

- **Fees/Other**
  - **$17M (2%)**

- **Non-Resident Tuition**
  - **$506M (54%)**

- **Resident Tuition**
  - **$248M (27%)**
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

FY20 E&G Budget: $932.3M
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:

- 95%
- 3%
- 2%

Time:

- 5%
- 15%
- 80%
Our current model

**SOURCE OF FUNDS**
- State Funding COF, FFS
- Tuition
- Indirect Cost Recovery
- Auxiliary Funds
- Restricted Funds – Contracts, Grants, Gifts

**Campus Allocation**
- Undergraduate Enrollment Growth Funding
- Tuition Revenue Sharing
- Research-activity based allocations to school/college/departments (DA-ICR)

**Direct to Units**
- Campus Allocation
- Revenue Incentives
- Mandatory Commitments
- Strategic Imperative Investments

**Revenue Incentives**
- Undergraduate Enrollment Growth Funding
- Tuition Revenue Sharing
- Research-activity based allocations to school/college/departments (DA-ICR)

**Mandatory Commitments**
- Building O&M
- Debt Service
- ICCA
- Library Materials
- Compensation
- Financial Aid
- Insurance
- Utilities

**Strategic Imperative Investments**
- Lead (Shape Tomorrow’s Leaders)
- Innovate (Top University for Innovation)
- Impact (Positively Impact Humanity)

**Note:** While representative of many areas of mandatory commitments, this is not a comprehensive list.
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**
(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

**Innovate**
(Top University for Innovation)

- Research Seed Grants
- Business Minor, Engineering, PhD
- Technology
- Research
- Online
- Industry Collaboration
- Tech Transfer
- MOOCs

**Impact**
(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

Strategic investments that enhance the student, faculty and staff experience to **support the growth and development of CU Boulder people**

Strategic investments that **encourage innovative and entrepreneurial CU Boulder programs and support services**

Strategic investments into affordability, research, outreach, partnerships, etc. that **directly contribute to positive CU Boulder-enabled outcomes**
And how much has been invested in the last five years

- Financial Aid
- Online / BBA
- Grad Stipends
- Diversity
- Marketing
- Mental Health
- Human Resources
- New Buildings
- Compliance
- Compression Pool
- Course & Program Fees
- Enrollment Growth
- Research
- Instructor Salaries
- Faculty PT, Retention
- Academic Technology
- Contingency
- Advancement, Alumni
- Front Line Employees
- Academic Support
- Deferred Maintenance

University of Colorado Boulder
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 need transparency in financials because right now, people think that budget allocation is politically driven.”
- Dean

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

“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)

<table>
<thead>
<tr>
<th>CU Boulder’s budget model should:</th>
<th>Element</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reflect and execute the university’s mission and priorities</td>
<td>• Mission / Strategy</td>
</tr>
<tr>
<td>Be understandable, easy to manage, logical and transparent</td>
<td>• Simple / Transparent</td>
</tr>
<tr>
<td>Promote and reward performance, success, and innovation</td>
<td>• Incentives / Innovation</td>
</tr>
<tr>
<td>Foster trust and responsibility around decision making</td>
<td>• Accountability / Responsibility</td>
</tr>
<tr>
<td>Provide predictable funding to support our ability to be strategic in our planning</td>
<td>• Planning</td>
</tr>
</tbody>
</table>
## Assessment of budget models compared to principles

<table>
<thead>
<tr>
<th>Budget model type</th>
<th>Mission / Strategy</th>
<th>Simple</th>
<th>Transparent</th>
<th>Incentives / Innovation</th>
<th>Accountability / Responsibility</th>
<th>Planning</th>
</tr>
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<tbody>
<tr>
<td><strong>Incremental</strong></td>
<td></td>
<td></td>
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<tr>
<td>Allocations based on history</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td><strong>Performance based</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Allocations based on performance metrics</td>
<td>Med</td>
<td>Med</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Med</td>
</tr>
<tr>
<td><strong>Outcomes based</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations based on intended outcomes</td>
<td>High</td>
<td>Med</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
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<tr>
<td><strong>Activity based</strong></td>
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<tr>
<td>ROI based allocations</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Med</td>
<td>Med</td>
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</tbody>
</table>
What an outcomes-based model could look like

Current budget model structure

- Base Budget (95%)
- Adjustments to prior year continuing base¹ (3%)
- Incentive-based budget² (1%)
- Campus-wide strategic initiatives budget³ (1%)

Potential future budget model structure

- Base Budget (87-91%)
- Adjustments to prior year continuing base¹ (3%)
- Incentive-based budget² (3-5%)
- Campus-wide strategic initiatives budget³ (3-5%)

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

SOURCE: Financial Futures working sessions
## Preliminary timeline for redesign

Wave 1: Next 3 months
- **Engage Deans and others on** current budget model structure & allocation process, and co-develop budget design principles

Wave 2: Next 12 months
- Align on adequate budget model and allocation formula, incorporating solutions to pain points previously identified
- Develop communication and implementation plan to ensure input and understanding
- Launch budget re-basing process
- Establish a new budget cycle process that reflects the new budget model
- Create budget process templates required to implement the new budget model
- Communicate redesign of the budget model to campus

Wave 3: Next 36 months
- Implement newly designed budget model, which will be effective by 2022
- Run regular check-ins on the effectiveness of the budget model

### 2019
<table>
<thead>
<tr>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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</table>

### 2020
<table>
<thead>
<tr>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
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### SOURCE: Financial Futures working sessions
History of Funding by School and College

Arts & Sciences Council

November 2019

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

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Tuition Components (millions)

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Tuition(^1)</td>
<td>$717.4</td>
<td>100%</td>
</tr>
<tr>
<td>Institutional Aid</td>
<td>$83.4</td>
<td>12%</td>
</tr>
<tr>
<td>Campus Waivers(^2)</td>
<td>$40.3</td>
<td>6%</td>
</tr>
<tr>
<td>Refunds &amp; Adjustments</td>
<td>$5.3</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Net Tuition</strong></td>
<td><strong>$588.3</strong></td>
<td><strong>82%</strong></td>
</tr>
</tbody>
</table>

\(^1\) Gross tuition does not include COF
\(^2\) Campus waivers include RA/TA and Faculty/Staff
Net Tuition as % of Gross Tuition FY 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;S Arts &amp; Humanities</td>
<td>79%</td>
</tr>
<tr>
<td>A&amp;S Natural Sciences</td>
<td>83%</td>
</tr>
<tr>
<td>A&amp;S Social Sciences</td>
<td>86%</td>
</tr>
<tr>
<td>A&amp;S Other</td>
<td>85%</td>
</tr>
<tr>
<td>Business</td>
<td>87%</td>
</tr>
<tr>
<td>Education</td>
<td>65%</td>
</tr>
<tr>
<td>Engineering</td>
<td>75%</td>
</tr>
<tr>
<td>ENVD</td>
<td>90%</td>
</tr>
<tr>
<td>CMCI</td>
<td>90%</td>
</tr>
<tr>
<td>Law</td>
<td>71%</td>
</tr>
<tr>
<td>Music</td>
<td>46%</td>
</tr>
<tr>
<td>ALL</td>
<td>82%</td>
</tr>
</tbody>
</table>

*Other A&S (distributed studies, open option, non-degree, etc.)
Net Tuition - Proportion by School and College

2015
- A&S: 54.5%
- Business: 15.1%
- Education: 0.5%
- Engineering: 16.8%
- ENVD: 1.5%
- CMCI: 8.2%
- Law: 2.7%
- Music: 0.7%
- Total: $438M

2019
- A&S: 53.3%
- Business: 14.7%
- Education: 0.5%
- Engineering: 18.7%
- ENVD: 2.1%
- CMCI: 8.0%
- Law: 2.0%
- Music: 0.6%
- Total: $588M
Change in Net Tuition by School and College

- A&S: 31%
- Business: 31%
- Education: 36%
- Engineering: 50%
- ENVD: 87%
- CMCI: 31%
- Law: 0.03%
- Music: 15%
- ALL: 34%
Enrollment
Fiscal Years 2015 - 2019
Enrollment by *Major* - Proportion by School and College

### 2015
- **A&S**: 58%
- **Business**: 11%
- **Education**: 1%
- **Engineering**: 18%
- **ENVD**: 2%
- **CMCI**: 6%
- **Law**: 2%
- **Music**: 2%

### 2019
- **A&S**: 56%
- **Business**: 12%
- **Education**: 1%
- **Engineering**: 20%
- **ENVD**: 2%
- **CMCI**: 6%
- **Law**: 1%
- **Music**: 1%

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University of Colorado Boulder

Be Boulder
Change in Fall Headcount (Majors) by School and College

- A&S: 11%
- Business: 21%
- Education: 0.5%
- Engineering: 32%
- ENVD: 39%
- CMCI: 11%
- Law: 7%
- Music: 5%

2015-2019
Enrollment by SCH Taught - Proportion by School and College

2015
- A&S: 68%
- Engineering: 13%
- Business: 8%
- Education: 2%
- ENVD: 1%
- CMCI: 4%
- Law: 2%
- Music: 2%

2019
- A&S: 62%
- Engineering: 16%
- Business: 9%
- Education: 2%
- ENVD: 2%
- CMCI: 5%
- Law: 2%
- Music: 2%
Change in SCH Taught by School and College

- A&S: 3.6% change
- Business: 39% change
- Education: 10% change
- Engineering: 42% change
- ENVD: 32% change
- CMCI: 70% change
- Law: 4% change
- Music: 0% change

University of Colorado Boulder
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 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

- A&S: 26%
- Business: 46%
- Education: 18%
- Engineering: 65%
- ENVD: 2%
- CMCI: 110%
- Law: 19%
- Music: 15%
- ALL: 36%
Base Budget - Proportion by School and College

2015
- A&S: 54%
- Business: 9%
- Education: 2%
- Engineering: 18%
- ENVD: 2%
- CMCI: 3%
- Music: 5%

2019
- A&S: 50%
- Business: 10%
- Education: 2%
- Engineering: 23%
- ENVD: 1%
- CMCI: 4%
- Music: 4%
- Law: 6%
- Business: 10%
- Education: 2%
## Budget per SCH Taught

<table>
<thead>
<tr>
<th>School/College</th>
<th>2015</th>
<th>2019</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;S</td>
<td>$237</td>
<td>$297</td>
<td>26%</td>
</tr>
<tr>
<td>Business</td>
<td>$354</td>
<td>$371</td>
<td>5%</td>
</tr>
<tr>
<td>Education</td>
<td>$442</td>
<td>$474</td>
<td>7%</td>
</tr>
<tr>
<td>Engineering</td>
<td>$443</td>
<td>$513</td>
<td>16%</td>
</tr>
<tr>
<td>ENVD</td>
<td>$371</td>
<td>$277</td>
<td>-25%</td>
</tr>
<tr>
<td>CMCI¹</td>
<td>$277</td>
<td>$281</td>
<td>1%</td>
</tr>
<tr>
<td>Law</td>
<td>$1,160</td>
<td>$1,320</td>
<td>14%</td>
</tr>
<tr>
<td>Music</td>
<td>$586</td>
<td>$675</td>
<td>15%</td>
</tr>
</tbody>
</table>

¹ 2016 amount used for comparison