

Boulder Faculty Assembly – Budget and Planning Committee 2019-2020 Annual Report

The Boulder Faculty Assembly Budget and Planning Committee (BPC) meets approximately every two weeks throughout the academic year. Meetings during the fall 2019 semester included September 6, September 27, October 18, November 1, and 15 and December 13. Meetings during the spring semester included January 17 and 31, February 14 and 28, March 13, April 10 and 24.

The charge of the BPC is the following:

The Budget and Planning Committee participates actively with the appropriate administrative officers in all substantive steps in and aspects of the development, implementation, and modification of the campus budget and the budget of the Academic Affairs division. These include participating in the activities of the Campus Budget Committee and the Academic Affairs Budget Advisory Committee. The Committee also reviews Assembly notices of motion and resolutions that may have budgetary impact prior to the final vote on such notices of motion and resolutions. The Committee may initiate special budgetary studies and analyses relating to improving the efficiency and effectiveness of the University of Colorado at Boulder.

There were many topics discussed during the academic year. Issues included the financial decision process, transparency, incentives, budget model redesign, academic program allocation (course fees), benefits charged to the general fund, and the initiation of a BPC/Budget and Fiscal Planning (BFP) transparency working group. Additionally, there were changes in administration leadership who serve as resource members of the BPC. Kelly Fox, Chief Operating Officer and Chief Financial Officer took a new leadership position at Georgia Tech (Georgia Institute of Technology). Carla Ho-a was promoted to Chief Financial Officer. Patrick O'Rourke from the CU system was appointed as Interim Chief Operating Officer.

BPC Committee Membership

BFA Elected Members: David Paradis (History), Max Boykoff (Environmental Studies), John Cumalat (Physics), Greg Carey (Psychology), Terra McKinnish (Economics), Donald Lichtenstein (Business), Scott Parker (Physics, Chair BPC), Tad Pfeffer (Civil Engineering)

Resource Members: Bob Ferry (BFA Chair), John Cooper (Retired Faculty), Patricia Rankin (A&S Budget Committee Chair), Carla Ho-a (CFO), Patrick O'Rourke (COO), Ann Schmiesing (Exec. Vice Provost for Academic Resource Management), Seth Spielman (Past BFP Chair), Mike Stutzer (Faculty Senate Budget Committee Rep)

What follows are summaries of some of the critical issues facing the campus and discussed in detail during BPC meetings.

Academic Program Allocation (Course Fees)

There were ongoing discussions involving the BPC on the course fee transition to the newer Academic Program Allocation (APA) process. In Fiscal Year 2020, there were about \$10,000,000 continuing dollars in APAs, and for the following year, there is a planned increase of \$200,000 continuing requests and \$150,000 for one-time requests. APA proposals were solicited and received from the schools and colleges and prioritized by the Academic Affairs Budget Advisory Committee (AABAC). AABAC has membership overlap with BPC, and the two committees work together in a coordinated way.

Benefits Shared Solution

Historically, benefits expenses paid for by the general fund and generated locally within departments, schools, colleges, and institutes were budgeted centrally. Locally, these expenses were not charged, and the general fund benefits appeared to be subsidized. This was unique to general fund accounts and was an atypical accounting practice. In contrast, research funds budget both salary and benefits locally. BFP began tracking these benefit expenses and identified key areas where losses were significant. The benefits issue was discussed in detail with BPC. BFP initiated working groups in the key areas (DIACR, Start-up, Schools/Colleges/Institutes, Petition Fund) made up of stakeholders in these areas. With the input of the working groups, along with AABAC, BPC, Dean's council, and campus leadership, a shared solution to be implemented in Fiscal Year 2021. Going forward, the benefits will be accounted for locally within the unit generating the expense.

Budget Model Redesign

This academic year a campus initiative was launched to examine and begin a redesign of the existing budget model, which is primarily an incremental budget model. Carla Ho-a and Ann Schmiesing are leading the budget model redesign, which will include input and engagement from groups including BFA-BPC. AY 20-21 was largely an exploratory phase centered around soliciting stakeholder feedback into the current model and ideas for improvement. Feedback from groups including BFA-BPC indicated that current base funding reflects legacy decisions that may no longer be relevant for today's realities. Also, the current budget model has provided stability for the campus, but leaves little flexibility for strategic investments and for responding to the changing higher education landscape, does not provide adequate incentives to support and reward growth in key areas, and offers little accountability for the use and allocation of funding. Because transparency of decision making can be lost within the current budget model, decisions are sometimes viewed as being politically driven. The budget model redesign will aim to address these and related deficiencies. BPC discussions took place regarding the budget model redesign and focused on principles and incentives. Campus leadership will continue to examine the budget model through the following academic year with input from faculty through BPC, AABAC, and the other campus committees.

BPC/Budget and Fiscal Planning Financial Transparency Working Group

The BPC initiated a financial transparency working group, involving a smaller number of BPC faculty representatives (Terra McKinnish and David Paradis) working with BFP (Katie Walker) and Office of Data Analytics (Seth Spielman, former BPC Chair). Additionally, Kathryn Tisdale, Finance and Business Strategy, will help facilitate this collaborative working group. The working group is having their first meeting in early April 2020 and will report their progress monthly to the broader BPC during our regular BPC meetings.