

2025-26 Budget Allocation Model Design Review: Process and Outcomes

FY 2025-26 Process, Reviewed and Approved Refinements

Contents	
Summary of Budget Design Review Process	2
Design Review Project Governance Structure and Guiding Principles	3
Guiding Principles	4
Design Feedback and Themes	5
Design Review Scope and Methodology	6
Design Review and Refinement Outcomes	6
Qualitative Funds	6
Strategic Fund.....	6
Support Unit Qualitative Fund	7
Comprehensive Fund (formerly Supplemental Fund)	8
Faculty Actions	8
Core Funds Allocation (Quantitative Formula)	9
Net Allocable Tuition Items	9
College/School and Campus Support Unit Allocation	10
Graduate Allocation Methodology	10
Undergraduate Allocation Methodology	11
Simplified waterfall for college of instruction methodology:.....	12
How CU Boulder Supports the Research Mission Through the Budget Allocation Model	13
How the Budget Model Encourages Research Excellence	13
Conclusion and next steps.....	13
Appendix	13
A1: Steering Committee Members	13
A2: Strategic Alignment Committee Members (SAC)	13
A3: Design Review Committee Members (DRC)	13

Summary of Budget Design Review Process

CU Boulder's current budget allocation model was developed through a highly collaborative campus process and implemented in fiscal year 2022–23. The original design represented a significant shift from the university's previous incremental model to an incentive-based approach. The budget allocation model implemented in fiscal year 2022-23 more explicitly connects resource allocation to enrollment, student credit hours, retention, graduation, and institutional priorities. The model is designed to provide greater transparency and predictability, create flexibility for strategic investments, strengthen accountability, and better align the university's resources with its teaching, research and public service mission.

The budget allocation model does not generate revenue; it determines how available resources are allocated and creates incentives that recognize institutional behavior. It is important to note that the budget model distributes resources to schools, colleges and support units. Deans and support unit leaders are ultimately responsible for distributing funds within their respective units. Put in another way, the budget model recognizes the important role of deans and unit leaders in how funds are distributed and used.

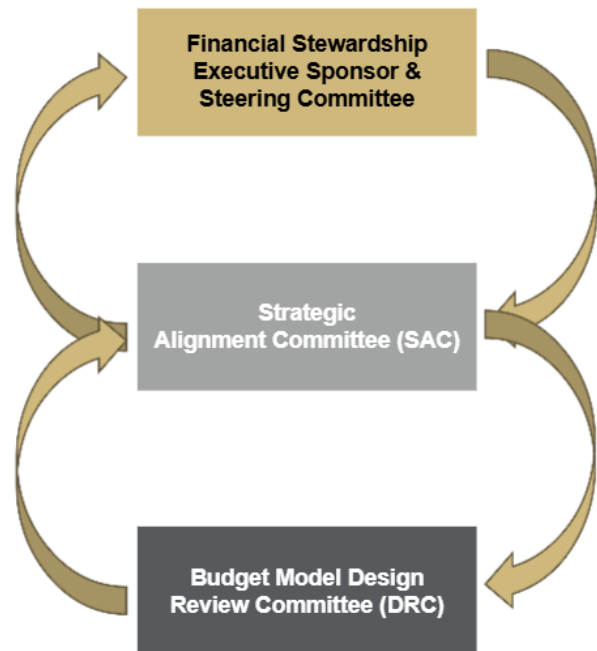
The original design process recognized that no budget model should remain static. For this reason, the original recommendation called for a structured review every three to five years to assess individual model components and the model's broader impact on research, creative work, and CU Boulder's mission as a comprehensive teaching and research institution serving the public good. Periodic evaluation ensures that the budget allocation model remains understandable, effective, and aligned with CU Boulder's evolving needs and priorities. Shared governance involvement and broad campus engagement were central to the original design.

The first formal Budget Allocation Model Design Review began in September 2025 and was completed on schedule in June 2026. The purpose of the review was to refine, rather than redesign, the existing framework. The review examined whether specific design components were functioning as intended, whether the incentives and funding mechanisms continued to align resources with the university's mission, and where adjustments could improve the model's clarity, transparency, predictability, and operational effectiveness. The review was also designed to identify potential unintended consequences. The 2025-26 review therefore represents an important part of responsible financial stewardship at CU Boulder.

After three years of implementation and experience with model outcomes, this review created an opportunity for the campus to address another important objective: improving campus understanding of how the model works and why it is structured as it is. Feedback from deans, unit budget leaders, faculty, staff, and other stakeholders demonstrated the importance of clearly distinguishing the budget allocation model from CU Boulder's overall budget and explaining the rationale for specific model components. There was a request for greater clarity regarding discretionary decisions, and the respective roles of campus leadership, schools, colleges, and other units in resource decision-making.

Design Review Project Governance Structure and Guiding Principles

The governance structure for the budget allocation model design review included representation from key constituents across campus. Three governance groups were formed, the Steering Committee, the Strategic Alignment Committee (SAC), and the Design Review Committee (DRC), each with distinct roles and responsibilities for the review process (the composition of these committees is shown in [Appendix 1-3](#)). CU Boulder Chancellor Justin Schwartz served as Executive Sponsor. In addition to the implemented governance structure, key components of the review engaged existing shared governance groups for consultation, including the Academic Resource Management and Advisory Committee (ARMAC) the Boulder Faculty Assembly (BFA) and the BFA Budget & Planning Committee. Initial feedback was received through a campus constituent survey in the fall 2025.



The Steering Committee was responsible for reviewing the budget model recommendations made by the SAC and DRC, ensuring the recommendations aligned with campus strategic priorities, and providing final recommendations to the Executive Sponsor.

The SAC was responsible for reviewing, refining, and consolidating recommendations provided by the DRC and elevating final recommendations to the Steering Committee for review and approval. The SAC kept the review grounded in CU Boulder's academic mission and guiding principles, while avoiding a redesign of the allocation model.

The DRC was responsible for reviewing model components and developing specific design recommendations for SAC consideration. It conducted a focused, technical assessment of existing budget allocation model components to ensure continued alignment with the academic mission and guiding principles.

Guiding Principles

In order to guide discussions and decisions regarding refinements to the budget allocation model, a series of guiding principles were developed and agreed upon by the governing bodies of the review process:

- **Mission/Strategy:** Reflect and execute the university's mission and priorities, allowing for leadership discretion to make sustained, strategic investments
- **Simple/Transparent:** Be understandable, easy to manage, logical and transparent
- **Incentives/Innovation:** Promote and reward performance, success, and innovation
- **Accountability/Responsibility:** Foster trust and responsibility around decision making
- **Planning:** Provide predictable funding to support our ability to be strategic in our planning

These principles provide a common framework for determining whether refinements would improve the model as a whole, rather than addressing an individual concern in isolation or benefiting one unit at the expense of broader university objectives. Importantly, the principles also supported preserving the fundamental objectives of the original model design.

Throughout the review process, committee members used the five guiding principles as a balanced framework for evaluating potential model refinements: "would this change advance the mission, remain understandable, create appropriate incentives, reinforce accountability, and support effective long-term planning?"

Design Feedback and Themes

To ensure the Budget Allocation Design Review reflected campus perspectives, multiple opportunities were provided for campus community members including faculty, students and staff to offer feedback, ask questions, and share their experiences with the current budget allocation model.

Specific engagement activities included:

November 19, 2025 Campus Budget Town Hall

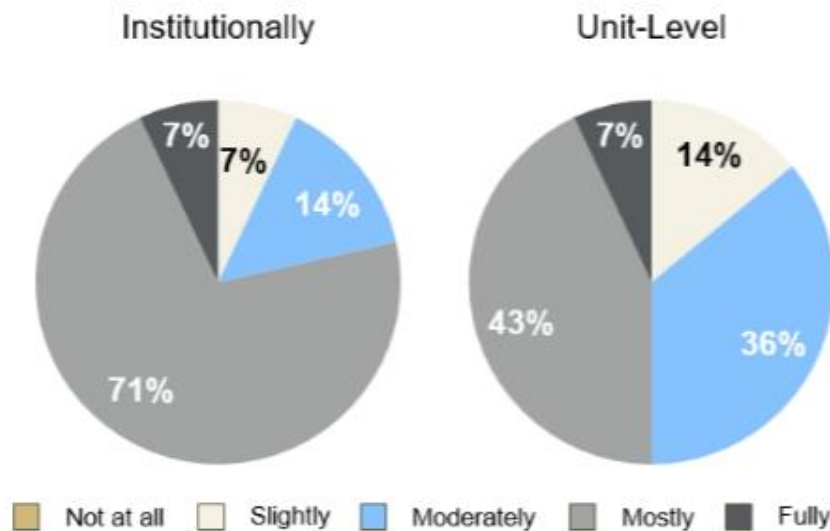
- Participants were invited to submit feedback and questions to financialstewardship@colorado.edu.

Campus-Wide Budget Allocation Design Review Survey

- Featured in the October 8, 2025 CU Boulder Today article.
- Open from October through December 2025 to gather campus perspectives and general understanding of the current budget allocation model.

The survey was conducted to collect feedback on a broad range of voices across campus, using this review process to identify opportunities for effective and beneficial enhancements.

The input helps us understand how the budget model is perceived, where it is working well, and possible opportunities for improvement.



level missions and values with potential areas for improvement

Open Response: High-Level Themes

- **Model Understanding:** Although the model is **generally understandable and explainable**, certain aspects remain **unclear and may cause confusion**.
- **Model Metrics:** There is general **support for current** me **uncertainty** and **differing** etrics should be **calculated and**

ncy: Supplemental and Strategic **ransparency and clear** ribution.

mpetition: The model tends to **er collaboration** which can **ative impacts** if not addressed.

pondents prefer **iterative** or changes

A majority of the respondents believe the budget model is mostly or moderately in alignment with campus and unit-

Design Review Scope and Methodology

Feedback from the survey and the three governance committees informed the design review project scope and methodology:

- Refine, not redesign with a focus on addressing unintended consequences.
- Consider alignment to strategic priorities such as advancing research and creative activity, strengthening support for student success including retention and graduation, and improving sustainability for interdisciplinary programs.
- Ensure model components are technically sound and aligned with institutional priorities.
- Promote education and understanding of the model.

Design Review and Refinement Outcomes

The model components examined during the review were approved by the Steering Committee in June 2026 and subsequently by Chancellor Justin Schwartz in July 2026. For each model component, the DRC and SAC reviewed the current methodology in practice, identifying strengths and limitations, assessing alignment with the guiding principles

established for the review, and making refinement recommendations when needed. Where applicable, areas of alignment and remaining considerations are noted.

Qualitative Funds

Qualitative funds are budget allocations made through a strategic, non-formulaic process to support activities, programs, or institutional priorities that are not adequately addressed through the model's quantitative funding drivers. These funds provide flexibility to address mission-critical needs, emerging priorities, interdisciplinary initiatives, and other considerations that require leadership judgment rather than formula-based allocation

Strategic Fund

Original Design	2026 Review Outcome
The amount of the Strategic Fund is taken off the top of net tuition as a dollar amount determined annually based on campus revenues and strategic priorities, which may be funded on an annual or multi-year basis.	REFINE: Establish a multi-year planned dollar amount, maintain and communicate this methodology through the next formal Budget Allocation Model Design Review cycle, and implement annual reporting.

Why this refinement?

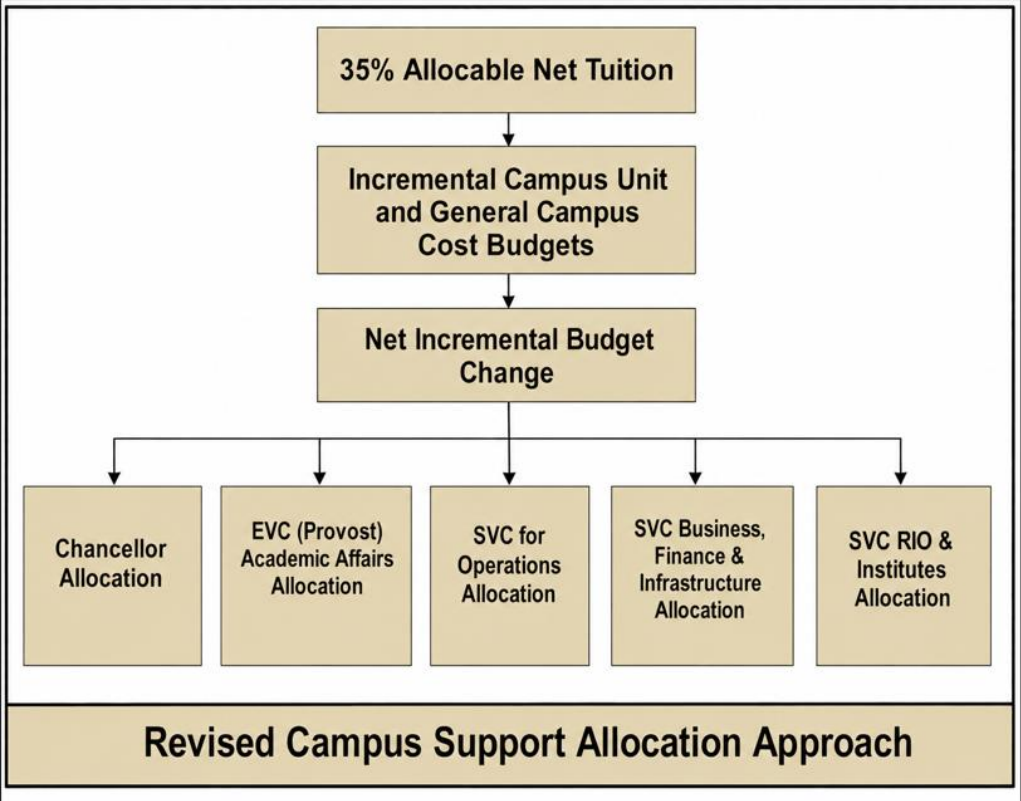
- Improves predictability by establishing a planned multi-year funding amount.
- Increases transparency through annual reporting and communication of the methodology.
- Reduces year-to-year uncertainty while preserving institutional flexibility to support strategic priorities.

Support Unit Qualitative Fund

Original Design	2026 Review Outcome
Campus support units are funded through a shared support unit cost pool.	REFINE: Recalculate the support unit cost pools into five organizational pools aligned with the updated campus leadership structure and provide for annual executive review of proportional allocations.

Why this refinement?

- Aligns the allocation methodology with the university's current leadership structure.
- Provides a governance process for periodic executive review of support unit allocations.
- Supports improved long-term planning while maintaining flexibility as organizational priorities evolve.



Comprehensive Fund (formerly Supplemental Fund)

Original Design	2026 Review Outcome
The Supplemental Fund provides resources for qualitative decision-making and strategic investment outside the core allocation methodology at the direction of the Provost.	REFINE: Rename the Supplemental Fund to the Comprehensive Fund , recalculate the school/college guardrail to -3% of each unit’s general fund budget , and strengthen future governance and transparency through annual planning and reporting.

Why this refinement?

- The name **Comprehensive Fund** more accurately reflects the multiple purposes served by the fund and improves transparency.
- The revised **-3% guardrail** provides schools and colleges with greater planning stability while preserving institutional flexibility.
- Annual governance and reporting establish a consistent review process, improve transparency, and allow the methodology to evolve alongside future refinements to the budget model.

Faculty Actions

Original Design	2026 Review Outcome
Faculty Actions centrally funds Promotion & Tenure, faculty retention actions, and other strategic faculty investments through an annual withholding, at the direction of the Provost.	REFINE: Remove Promotion & Tenure from the Faculty Actions pool and flow funding through core allocations while maintaining a smaller pool for faculty retention and strategic investments.

Why this refinement?

- Removing Promotion & Tenure from the Faculty Actions pool aligns the methodology with other required compensation actions.
- Returns funding withheld directly to schools and colleges through core allocations.
- Reduces administrative and transactional complexity.
- Maintains flexibility for Provost investments in retention actions, critical needs hiring, dual career support and other one-time or recurring needs.

Core Funds Allocation (Quantitative Formula)

Allocations of core funding are driven by the formulaic allocation mechanisms within the model. This funding is designed to flow to the schools/colleges, relying on the design decisions implemented in the model, without the need for input or intervention. The formulaic or metric-based allocations in the model include student credit hours, and student headcount (majors/minors), retention, and graduation. The quantitative portion of the model enables the budget allocation to respond to shifts in enrollment and student success measures and provide associated resources. Additionally, including specific priority allocations based on retention and graduation helps to incentivize activities beneficial to student success.

The following are the components of the Core Funds Allocation.

Net Allocable Tuition Items

Component	Original Design	2026 Review Outcome
Mandatory Costs	Incremental mandatory costs are recognized in the gross-to-net tuition calculation prior to revenue allocation.	MAINTAIN: Current methodology and mandatory cost categories. Review mandatory cost classifications as part of the next formal review.

College/School and Campus Support Unit Allocation

Component	Original Design	2026 Review Outcome
Allocable Net Tuition: School/College and Campus support units	Executive Sponsors of the original model design determined that the allocable net tuition would be distributed to colleges, schools, and campus support units along a 65/35 percent split.	MAINTAIN: The 2026 review confirmed this 65/35 split is aligned with expenses in colleges, schools and campus support units.

Graduate Allocation Methodology

Component	Original Design	2026 Review Outcome
Graduate Tuition Allocation	Graduate tuition is allocated separately between Tuition Remission-Eligible programs and Other Graduate Programs.	MAINTAIN: Original graduate tuition groupings and allocation methodology.
Student Credit Hours and Enrollment Allocation	The SAC recommended that 100% of the graduate portion of allocable tuition be allocated to colleges and schools based on SCH and enrollment.	MAINTAIN: 100% of the graduate portion of allocable tuition to colleges and schools based on SCH and enrollment.
Graduate College of Instruction (COI) / College of Record (COR)	Traditional graduate tuition is allocated 50% to College of Instruction and 50% to College of Record.	MAINTAIN: 50/50 COI/COR allocation methodology.
PMP Tuition Revenue	Professional Master's Program tuition is allocated using program-specific tuition rates.	MAINTAIN: PMP tuition allocation uses program-specific tuition rates

Component	Original Design	2026 Review Outcome
		and consider future review of PMP tuition structures.
Graduate Non-Resident Tuition Remission	100% of non-resident tuition remission expense is allocated against traditional graduate tuition revenue.	REFINE: Allocate non-resident tuition remission proportionately across undergraduate and graduate tuition revenue (approximately 92% undergraduate / 8% graduate), recalculated annually while preserving the overall campus allocation relationship.

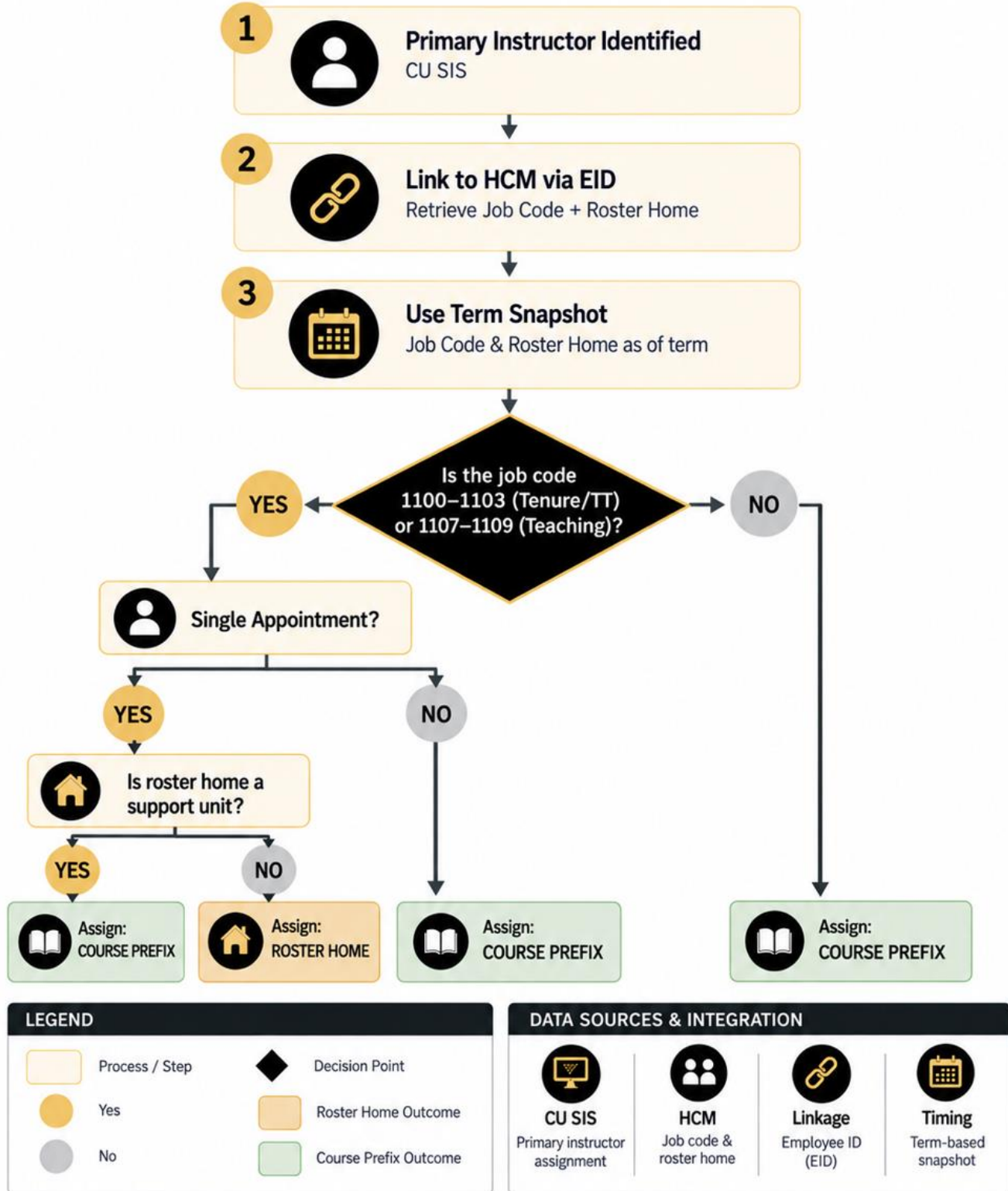
Undergraduate Allocation Methodology

Component	Original Design	2026 Review Outcome
Undergraduate Tuition Allocation (90/10)	Undergraduate allocable net tuition is distributed with 90% based on Student Credit Hours (SCH) and Student Headcount (HC) and 10% supporting priority incentives (retention and graduation).	MAINTAIN: 90/10 allocation methodology.
Undergraduate College of Instruction (COI) / College of Record (COR)	Undergraduate tuition is allocated 70% to College of Instruction and 30% to College of Record.	MAINTAIN: 70/30 COI/COR allocation methodology.
Retention and Graduation Priority	Ten percent of the undergraduate portion of tuition allocated to colleges and schools will be based on undergraduate student retention and graduation.	MAINTAIN: As a priority incentive, while the incentive itself is small and unlikely to drive behavior by itself, the philosophy behind the decision to publicly commit to student retention and graduation is meaningful.
Graduation Incentive	Graduation incentive funding is allocated based on six-year graduation. Counts assigned to the primary College of Record.	REFINE: Count multiple cross-school/college and cross divisional majors as 1.0 each while maintaining the overall methodology

Component	Original Design	2026 Review Outcome
Retention Incentive	Retention incentive funding is allocated based on first-to-second-year retention counts for first-time, full-time freshmen.	MAINTAIN: Existing retention methodology.
Differential Tuition Weighting	Differential tuition weights are based on established tuition tiers and updated during formal Budget Allocation Model Design Reviews.	REFINE: Recalculate weights annually to reflect current tuition rates.
College of Instruction (COI) Assignment Methodology	College of Instruction assignments follow the existing waterfall methodology based primarily on faculty roster home.	REFINE: Simplify the waterfall methodology and assign Lecturers and Instructional Associates by course prefix while maintaining roster-home assignment for tenure-track and teaching faculty.
College of Record (COR) Assignment / Major & Minor Weighting	Students with multiple majors and minors are weighted according to established major and minor assignment rules, including pre-licensure students counted as minors.	REFINE: The current major and minor weighting methodology will be maintained while counting pre-licensure students as majors instead of minors.

Simplified waterfall for college of instruction methodology:

Simplified waterfall for college of instruction methodology



LEGEND

	Process / Step		Decision Point
	Yes		Roster Home Outcome
	No		Course Prefix Outcome

DATA SOURCES & INTEGRATION

CU SIS Primary instructor assignment	HCM Job code & roster home	Linkage Employee ID (EID)	Timing Term-based snapshot

Other Items

Component	Original Design	2026 Review Outcome
Timing of Drivers & Revenue Projections	Budget allocations are based on projected tuition revenue and historical enrollment drivers using census-based calendar year data.	REFINE: Use end-of-term data where feasible to better reflect rolling admissions and non-traditional calendars while maintaining overall methodology.

How CU Boulder Supports the Research Mission Through the Budget Allocation Model

CU Boulder is a comprehensive R1 research university with a mission that encompasses teaching, research, and public service. The university's budget allocation model reflects that comprehensive mission by providing academic units financial resources and decision-making authority while preserving the ability of campus leadership to make strategic investments that benefit the university as a whole.

Tuition revenue is generated primarily through teaching activity. The model allocation supports faculty time, graduate student support and education, research infrastructure (including the institutes), facilities, and institutional services that contribute to a strong research environment. The model therefore recognizes through its quantitative and qualitative allocations that not all research activity is sustained entirely through external grants and contracts.

Key Sources of Research Support

- **Faculty Time:** Tuition-funded faculty salaries provide capacity for teaching, research, mentoring, and scholarship.
- **Institutional Investments:** Support for research institutes, RIO, seed grants, strategic initiatives, and interdisciplinary research.
- **Shared Infrastructure:** Tuition dollars help fund laboratories, libraries, technology, research administration, facilities, and specialized equipment.
- **Sponsored Research:** External grants and contracts fund research projects, while F&A revenue and DA-ICR returns help support institutional research infrastructure.

How the Budget Model Encourages Research Excellence

The budget allocation model does not use quantitative research metrics to distribute resources. Instead, research excellence is supported through institutional investments and recognized through academic processes that account for disciplinary differences and diverse forms of scholarly impact.

How Research is Encouraged

- Promotion, tenure, merit, and salary processes reward research achievement.
- Schools, colleges, departments, and institutes make resource decisions based on disciplinary needs and priorities.
- Graduate education advances both teaching and research missions.
- The model supports research through an integrated ecosystem of funding, incentives, and local decision-making rather than a single allocation formula.

The 2026 design revision to non-resident graduate tuition remission is also intended to support and encourage research excellence. Many graduate students directly contribute to both the undergraduate teaching and research missions and, in the original design, remission costs for graduate students on appointment were fully borne by graduate tuition. This approach may have created a financial disincentive for units to support graduate student appointments, with potential implications for the university's research mission. The revised model recognizes the interconnected role graduate students play across the university's missions by allocating a portion of graduate tuition remission directly to undergraduate tuition revenue. This approach acknowledges graduate students' contributions to undergraduate instruction while strengthening support for graduate education and research.

Conclusion and next steps

The budget allocation model review project concluded that the fundamental structure of the budget allocation model remains appropriate for CU Boulder, while targeted refinements can improve how the model operates and is understood.

The review also reinforced that no allocation formula can, or should, determine every resource decision at a comprehensive R1 university. Formula-driven allocations provide an important foundation for distributing resources, but they must operate alongside strategic investments, institutional commitments, and informed decisions by campus, school, college, and unit leadership. Maintaining this balance allows the university to respond to changing circumstances while supporting teaching, research, public service, and student success.

Collectively, these revisions preserve the core design of the budget allocation model while positioning CU Boulder students, faculty, researchers, and staff for continued success through future Budget Model Allocation Design Review cycles.

The Budget Allocation Model Design Review provided CU Boulder with an important opportunity to evaluate the model after several years of operation and to consider whether it continues to support the university's comprehensive mission and strategic priorities. Consistent with the intent established when the model was originally developed, the review focused on refining rather than redesigning the framework. Through analysis of the model and engagement with deans, faculty, budget leaders, shared governance groups, and other stakeholders, the review identified areas where the model is working as intended as well as opportunities to improve its clarity, incentives, predictability, and alignment with institutional priorities.

Committee member engagement demonstrated that transparency and communication are as important as the technical design of the model. A budget model can only support effective decision-making when those who work within it understand its purpose, major components, incentives, and limitations. The review identified a continuing need to clearly state the need for and impacts of the budget model, explain how revenues and costs flow through the institution; clarify the roles and responsibilities of campus and unit leadership; and communicate how activities such as research, graduate education, and strategic investments are supported even when they are not represented by a single formulaic driver.

The next phase of work will focus on implementing the refinements identified through the design review. The new set of revisions to the budget model will operate parallel to the original model for FY 2026-27 and will be fully implemented for FY 2027-28. Implementation should continue to be evaluated against the guiding principles of mission and strategy, simplicity and transparency, incentives and innovation, accountability and responsibility, and predictable funding for planning.

As was intended in its original implementation, the current revisions to the budget model will be reviewed again in 3-5 years. The university's financial environment, enrollment patterns, academic portfolio, research enterprise, and strategic priorities will continue to evolve. Periodic review provides a disciplined mechanism for ensuring that the allocation model evolves with them while maintaining sufficient stability for long-term planning. The goal is not to continually redesign the model, but to sustain a financial framework that is understandable, adaptable, and aligned with CU Boulder's mission, and that supports responsible stewardship of university resources over the long term.

Appendix

A1: Steering Committee Members

Name	Title
Chair: Todd Haggerty	SVC Finance, Business, and Infrastructure
Janel Forde	SVC Operations
Vijay Khatri	Dean, Leeds School of Business
Alastair Norcross	Boulder Faculty Assembly Chair
Ann Schmiesing	SVC Strategic Initiatives
Ann Stevens	Provost and EVC Academic Affairs
Additional Support	Mandy Cole, AVC Budget & Finance; Melissa Rubin, Project Coordinator; Kathryn Tisdale, Director of Strategic Initiatives;

A2: Strategic Alignment Committee Members (SAC)

Name	Title
Co-Chair: Fernando Rosario-Ortiz	VC, Academic Resource Management
Co-Chair: Mandy Cole	AVC Finance, Business, and Infrastructure
Lori Bergen	Dean, College of Media, Design, and Information
Andy Cowell	Boulder Faculty Assembly Budget & Planning Committee Chair
John Davis	Dean, College of Music
Lolita Buckner Inniss	Dean, Law School
Vijay Khatri	Dean, Leeds School of Business
Daryl Maeda	Dean, Arts & Sciences
Keith Molenaar	Dean, College of Engineering and Applied Science
Massimo Ruzzene	SVC for Research and Innovation & Institute Dean
Amanda Thein	Dean, School of Education
Additional Support	Danielle Brunner, Associate Vice Chancellor for Academic Affairs Budget, and Finance; Venessa Ortega, Assistant Vice Chancellor for Budget Management; Melissa Rubin,

Name	Title
	Project Coordinator; Kathryn Tisdale, Director of Strategic Initiatives;

A3: Design Review Committee Members (DRC)

Name	Title
Co-Chair: Danielle Brunner	AVC Academic Affairs Budget & Finance
Co-Chair: Venessa Ortega	AVC for Budget Management
Suzanne Bonomo	Director of Fiscal Planning, Education
Lina Day	Assistant Dean Budget & Finance, CMDI
Christy Edwards	Sr Dir of Budget and Finance Leeds-Budget & Administration
Carrie Howard	Assistant Dean for Budget, Finance & HR, Music
Rory Korpela	CFO of the College of Engineering and Applied Science
Amy Lavens	Vice Dean of Finance & Administration, A&S
Joseph Polman	Assoc Dean for Research, School of Education (ARMAC rep)
Sean Quinlan	Assistant Dean Budget & Finance, Law
Additional Support	Melissa Rubin, Project Coordinator; Kathryn Tisdale, Director of Strategic Initiatives