

Executive Summary of Full Model Recommendations



University of Colorado **Boulder**



Project Background & Stakeholder Engagement

The redesign began in December 2020. To ensure the model was built to serve the needs of CU Boulder, stakeholders from across campus were engaged throughout the process.

Initiative Background:

- Campus stakeholders voiced a desire for a new CU Boulder budget model as early as January 2017.
- Over the next year and a half, the implementation of programs such as Academic Futures, Foundations of Excellence, the IDEA Plan, Strategic Facilities Visioning, and Financial Futures emphasized the need for a new comprehensive budget model.
- By Fall 2019, campus conversations about a new budget model began; requests for a new model intensified after the impacts of COVID-19.
- The Budget Model Redesign project officially kicked off in December 2020.

11 Executive Sponsors Meetings

27 Strategic Alignment Committee Meetings

29 Design Committee Meetings

Stakeholder Engagement Sessions:

- **40+** Stakeholder interviews and listening sessions
- **23** town hall meetings with each school/college
- **9** Coffee and Budget Sessions
- **6** Thematic Listening sessions
- Bi-weekly SAC Open Office Hours
- **3** separate meetings with each individual School/College to review budget model details
- Ongoing updates to shared governance –BFA, AABAC, BFA BPC, etc.
- Various presentations to FLC and other university groups



Direct Stakeholder Involvement:

Over 50 CU Boulder individuals sat on one of the three project committees.

This figure is only representative of those individuals who sat on a committee. A significant number of additional stakeholders were engaged throughout the process via various sessions provided.

Model Introduction

The SAC Glossary Subcommittee provided underlying principles regarding the allocation of net tuition within the model.

- **All tuition belongs to the campus**, not to individual units, and is a chief source of funding that underlies the ongoing operations of our campus.
- The allocation of net tuition must recognize costs, reward successes, and spur innovation and expansion.
- Each school, college, or campus support unit will receive an allocation from the campus comprised of up to three sources:
 - A portion will be derived from metrics that the campus decides appropriately reflect costs, recognize accomplishments, and promote needed actions.
 - Another from shared value-driven decisions that the campus agrees appropriately reflect our mission, our strategic priorities, and our goals.
 - And finally, one part will fund investments with campus-wide impact.
- There are many reasons why different colleges and schools will have variable costs, such as faculty salaries, class sizes, teaching loads, and various lab, teaching, and research spaces. These variables change over time and should be accounted for in the regular review of Core Funds and Supplemental Funds that are allocated to the various schools and colleges.
- The model also recognizes the importance of campus support units to provide services, programs and infrastructure within the university ecosystem, and enables funding to respond flexibly to revenue shifts along with the schools and colleges.



SAC Design Recommendation High-Level Overview



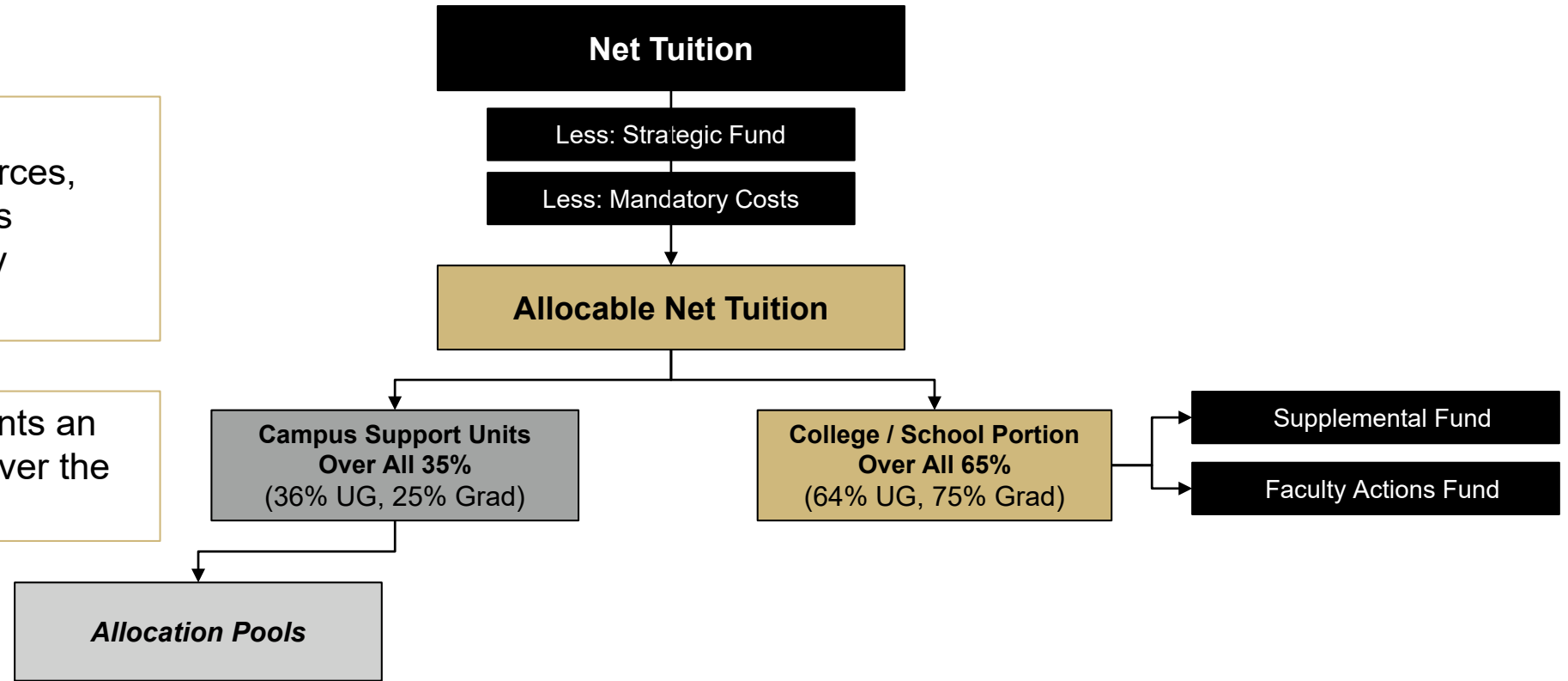
University of Colorado **Boulder**



Core Funds Allocation: Funds Flow

Campus support units include: Human Resources, Student Affairs, Facilities Management, University Libraries, etc.

The **35/65 split** represents an average of allocations over the past 10 years.



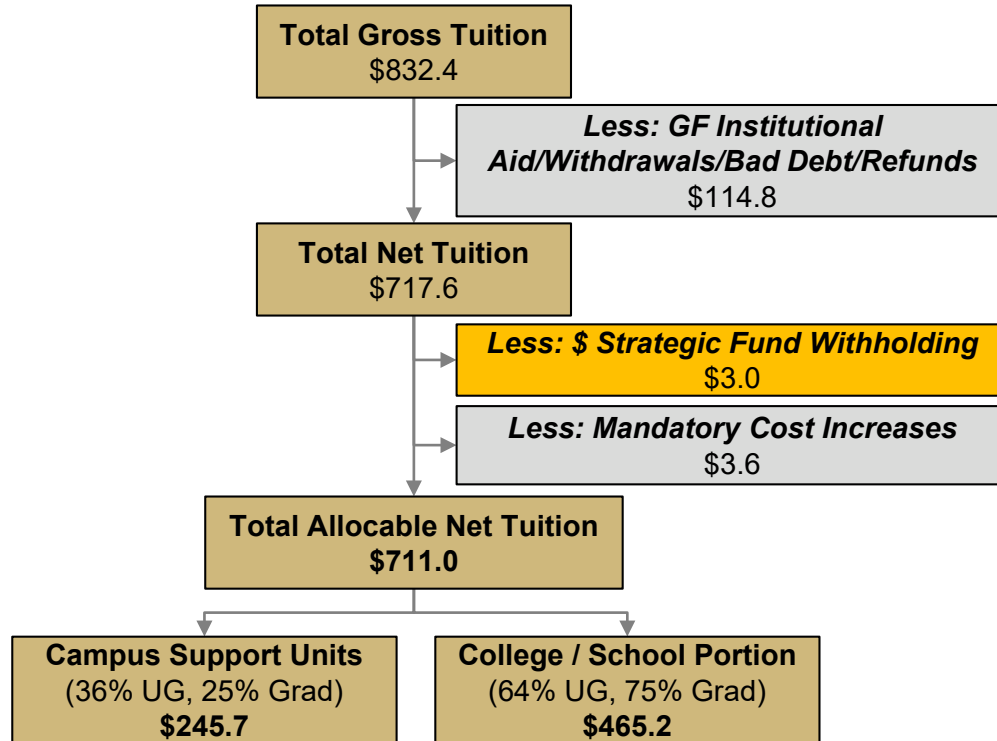
The graduate portion of tuition accounts for 13% of the net tuition for allocation. The Strategic Alignment Committee has recommended a 25/75 split due to the support services offered to grad students at the college/school level.

The undergraduate portion of tuition accounts for 87% of the net tuition available for allocation.

Strategic Fund

The recommendation to the Executive Sponsors is to proceed with a set dollar (\$) amount withholding.

Withholding Flow of Funds



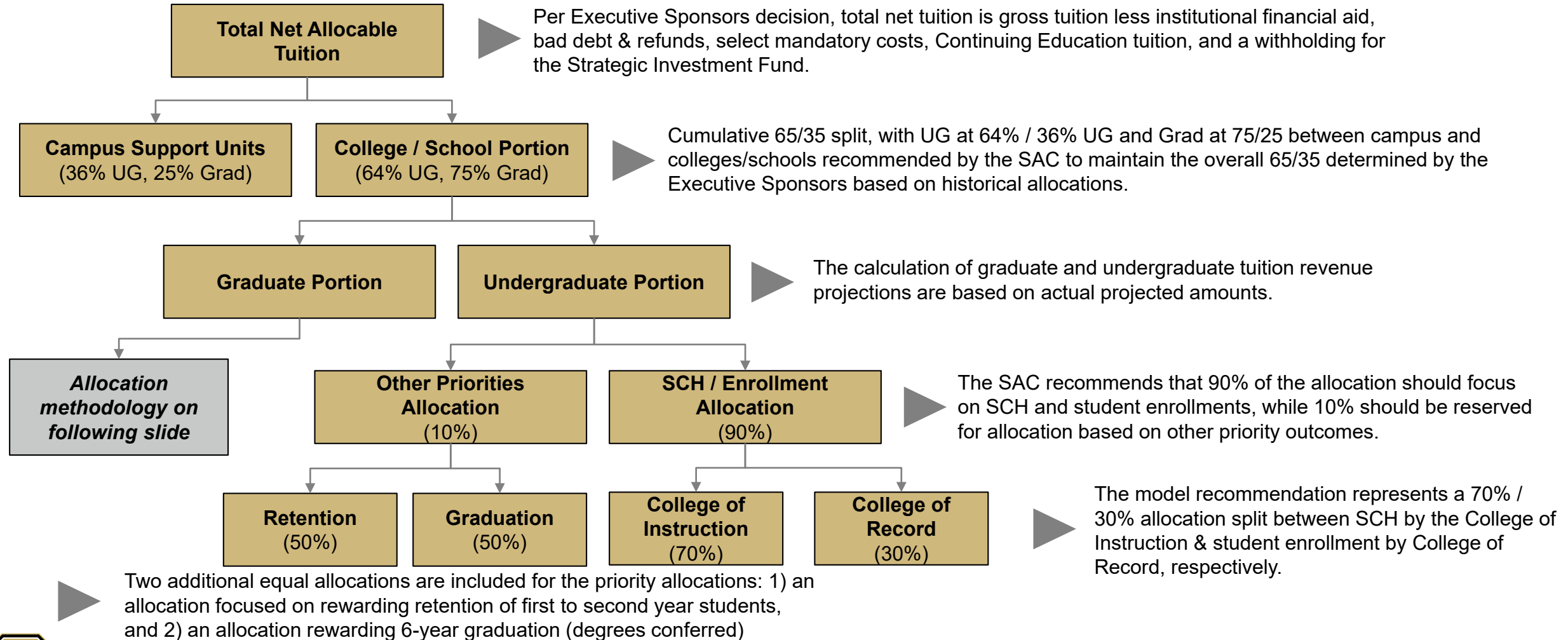
- Note: The Withholding is applied at the top of the flow of net tuition, meaning it is **netted against all units and not just the Schools/ Colleges**.
- The current **Strategic Fund** amount for FY23 is earmarked at \$3.0M.

Strategic Funding Process:

- A **deliberate engagement process** for determining the **University's overall strategic funding needs** will need to be established.
- **Each year a set dollar (\$) amount** of net tuition funding will be withheld off-the-top for the Strategic Fund.
- The magnitude of this **withholding will be flexible year-over-year** as to best align the size of the withholding to the *actual* strategic need of the university as determined through a transparent deliberation process of leadership that is still to be further finalized.
- These dollars would be available to fund the most important **strategic initiatives** across the university as decided by University leadership (Chancellor, Provost and COO) with input from the University Executive Leadership Team (UFLT) and shared governance leaders.

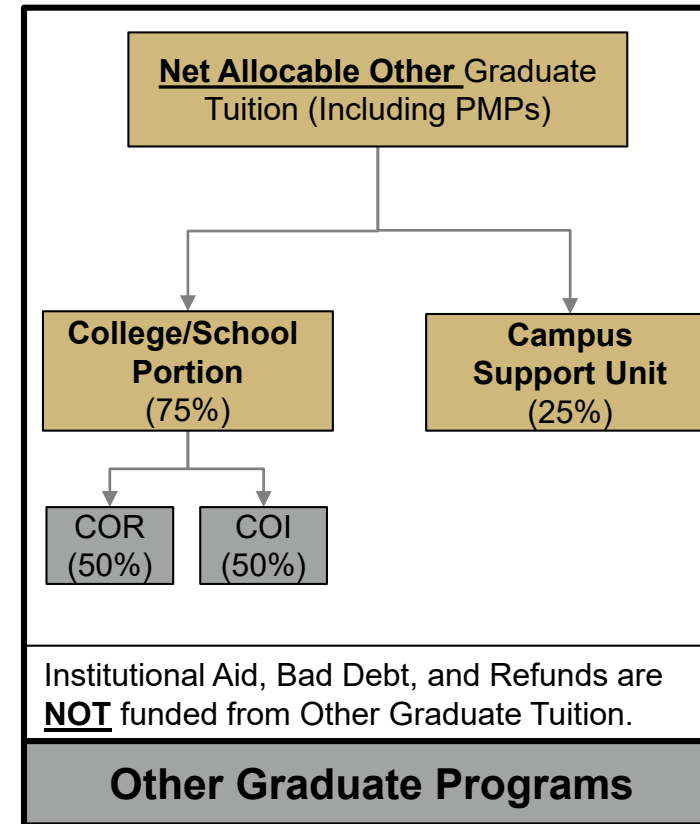
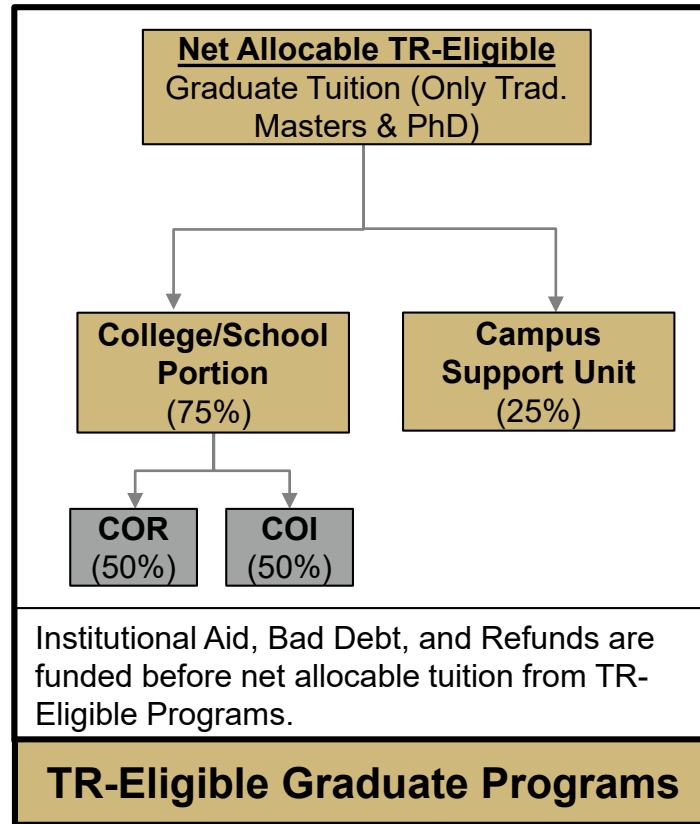
Core Funds Allocation: Net UG Tuition Allocation

This flow of funds outlines the journey of net tuition dollars through the model's allocation methodology.



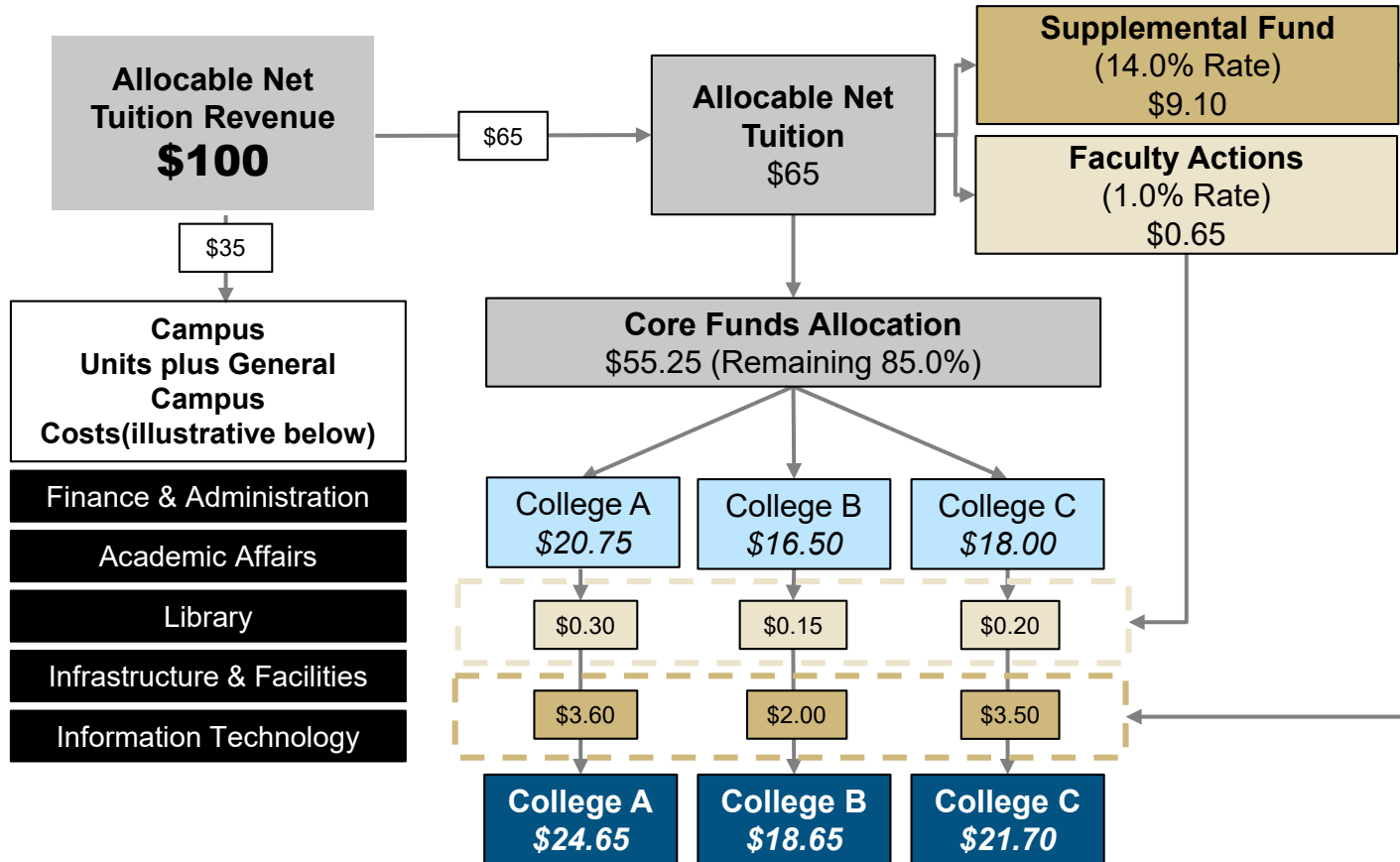
Core Funds Allocation: Grad Tuition Allocation

All graduate tuition to be allocated is separated into two groupings to reflect the different types of graduate programs across the campus: Tuition Remission Eligible (TR) & Other (Law & PMPs).



The distinction between graduate programs also ensures that only programs that are eligible to benefit from receiving non-resident graduate tuition remission (TR), administered by the Provost's Office, are included in the net calculation.

Supplemental Fund: Qualitative Process



Supplemental Funds are taken "off the top" prior to any school/college receiving a core funds tuition allocation.

The supplemental funds are distributed *in addition* to the core funds.

The amount of supplemental funding distributed to each school/college is **at the discretion of the Provost with consideration of the campus's mission** as a comprehensive AAU public teaching and research institution, and **after consultation with key stakeholders**.

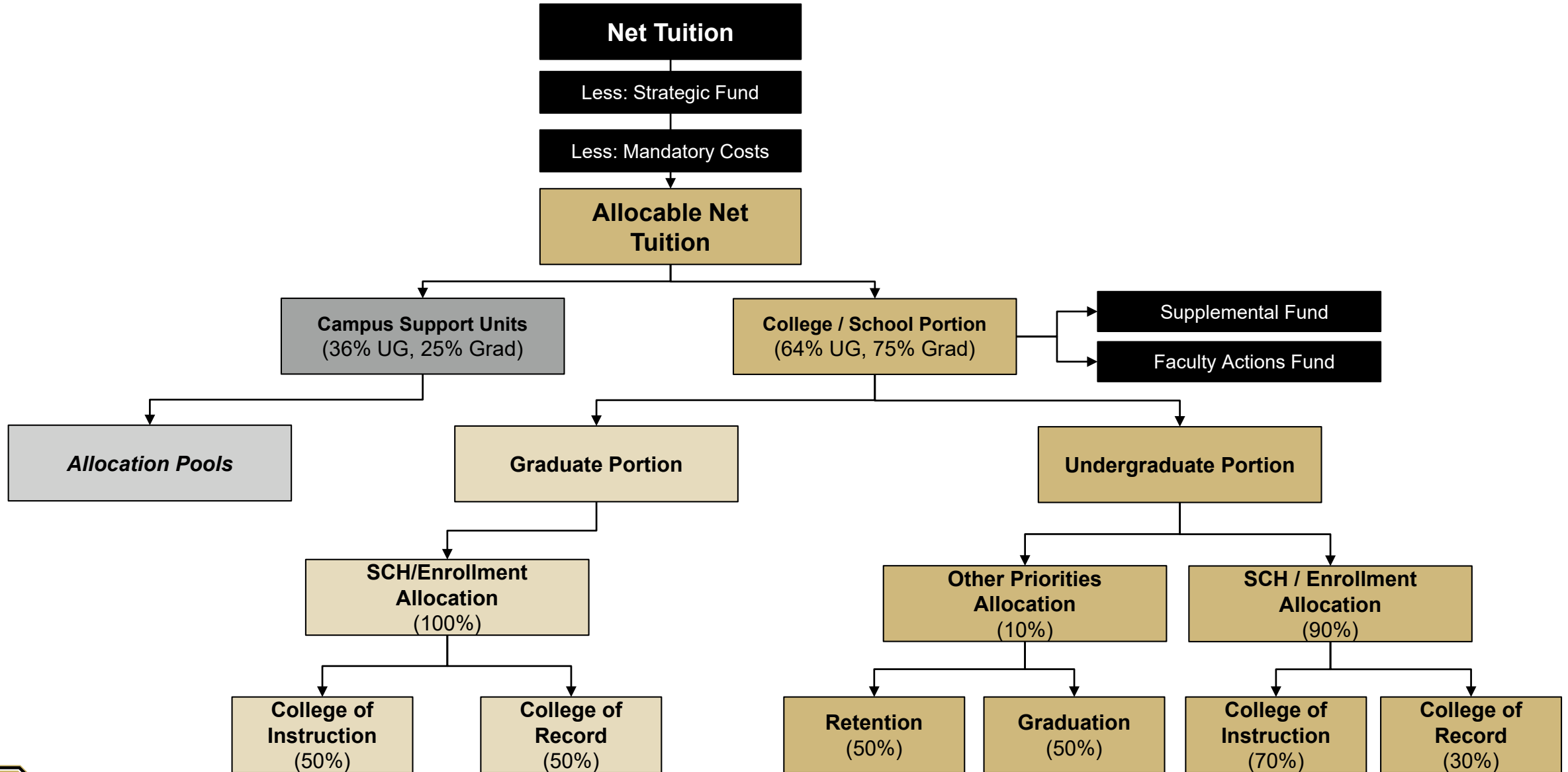
These amounts (light blue boxes) would be a result of the **student credit hour (SCH)/Enrollment and Other Priorities – Retention and Graduation allocations**.

Supplemental Fund

The process for collecting and allocating Supplemental Funds represents the qualitative portion of the model, and our ability to support our comprehensive teaching and research mission.

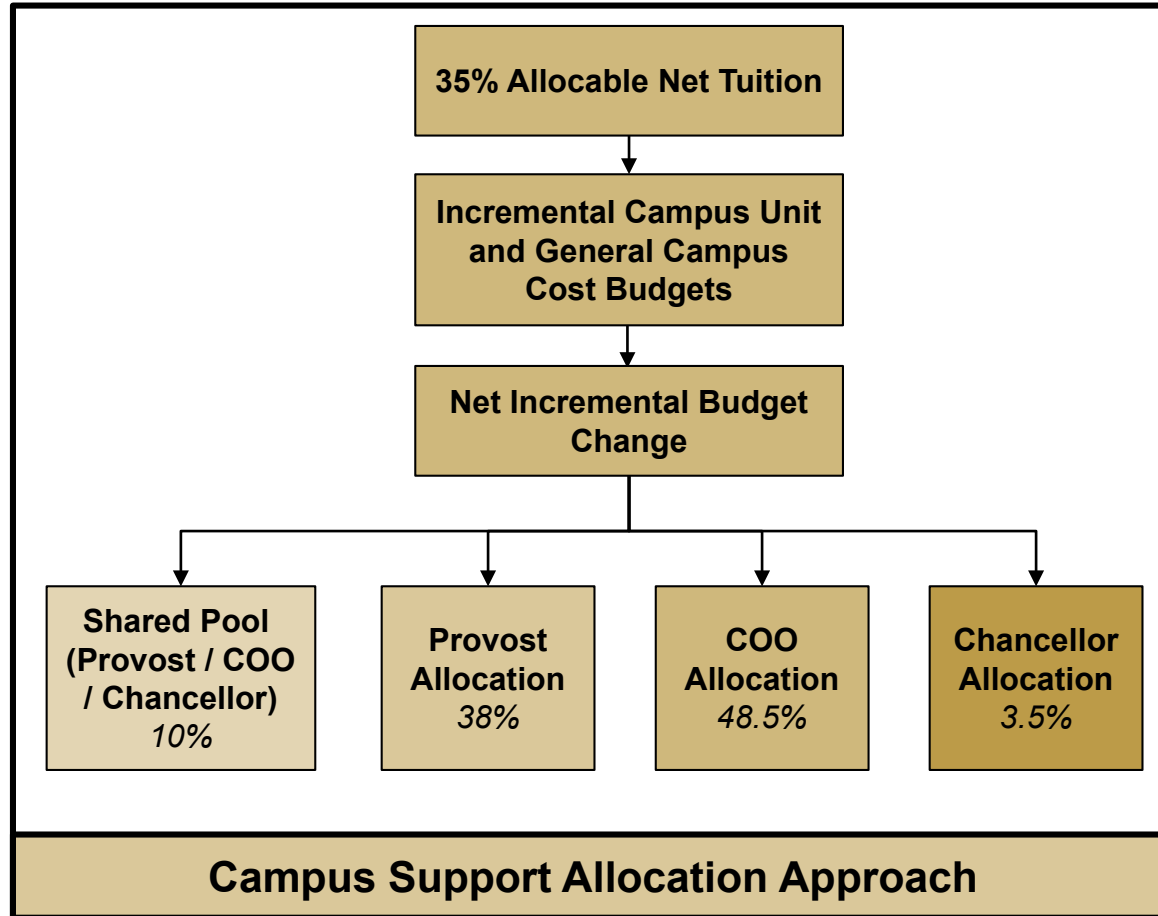
- The overall Supplemental Fund will be **generated by a portion of net tuition within the school/college portion**. Supplemental funds will be **withheld off-the-top before the remainder of net tuition flows** through the allocation incentives.
- The **percent withholding will be locked for 3 years** (FY23 – FY25) at the hold harmless rate to create more predictable planning for the schools/colleges.
- The **Supplemental Funds allocation dollar amount** will be established during the hold harmless year and **set at a minimum level for 3 years** (FY23 – FY25), including hold harmless.
- The percent withholding rate will need to be reevaluated during the review period in 3-5 years.
- A clear and transparent process to request and evaluate supplemental funds will need to be established by the Office of the Provost with stakeholder input during implementation of the new model.

New Budget Model : High Level Overview



Support Units and General Campus Costs

The recommendation for the support units and general campus costs includes a “hold harmless” implementation in FY23 and for incremental growth to be allocated in four pools based on historical allocations.

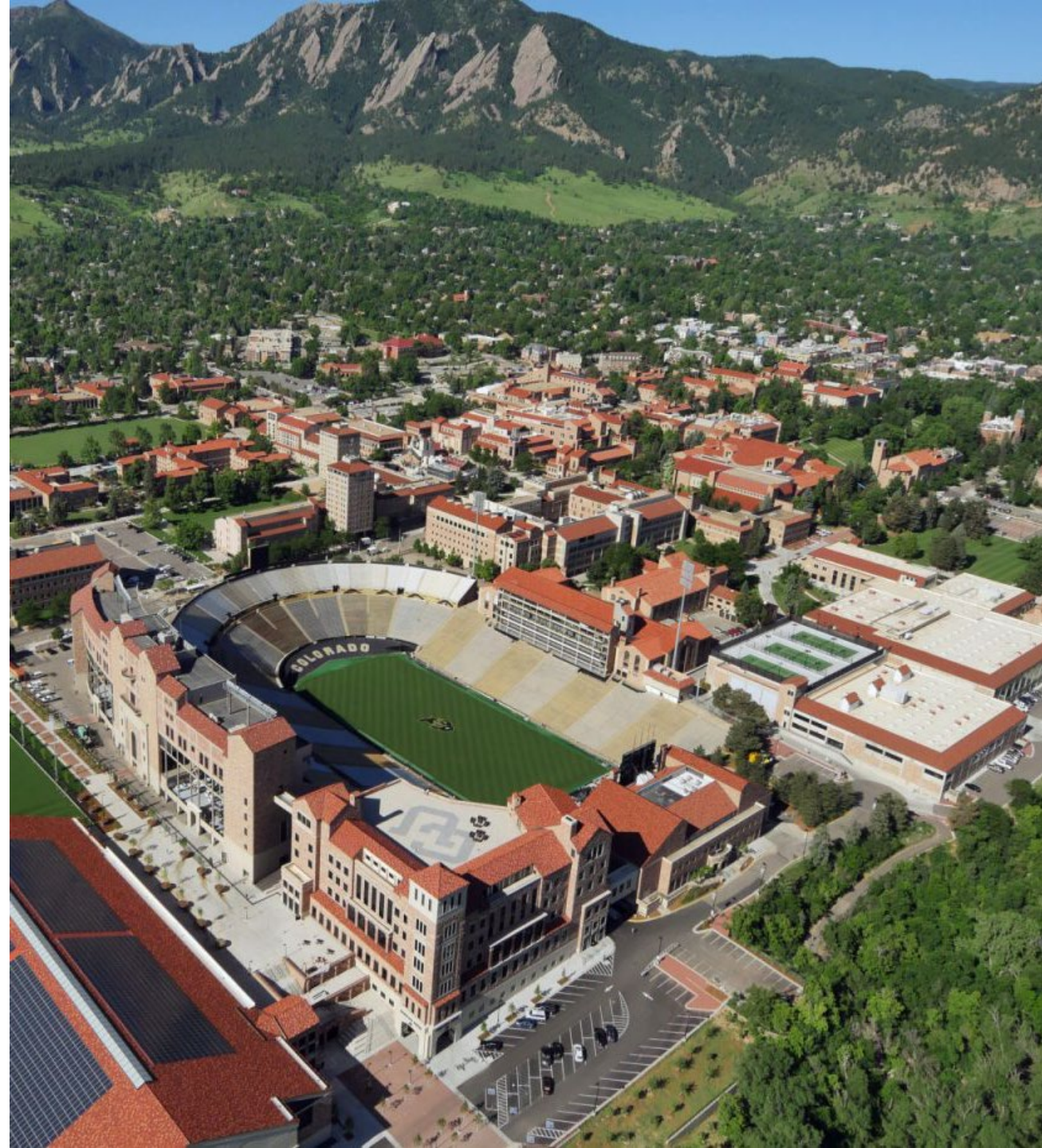


- **New funds, or fund reductions**, will be allocated to the Chancellor, Provost, COO, and a shared allocation pool.
- The Chancellor, Provost, and COO pools will be allocated to individual units based on the **discretion of the respective leaders**.
- The **shared allocation pool** will be allocated by **joint decision-making** from the Chancellor, Provost, and COO.
- The current recommendation of **10% of incremental changes** is a suggested starting point and the final allocation into the shared pool will be **determined by the campus leaders**.
- It is recommended that a clear and transparent process be established by which **support units may request new funds**.
- This surplus already accounts for **holding \$3.7M** for the planned **FY23 3% merit pool** for support units.

Budget Model Decision Framework

| Design Element | What's Decided | Final Decision-Maker(s) | Who is Involved |
|--|--|---|--|
| Strategic Fund | <ul style="list-style-type: none"> • Campus-wide priorities • Amount of investment • Duration of investment | <ul style="list-style-type: none"> • Chancellor • Provost • Chief operating officer | <ul style="list-style-type: none"> • CFO and EVP-ARM • UELT • Shared governance |
| Mandatory Costs | No decisions made, cost-setting happens outside of campus control | <ul style="list-style-type: none"> • CU System, publishers, Xcel, insurance | |
| Supplemental Fund | <ul style="list-style-type: none"> • Hold harmless amounts • Academic-based investments | <ul style="list-style-type: none"> • Provost | <ul style="list-style-type: none"> • Deans • Faculty shared governance |
| Faculty Actions Fund | <ul style="list-style-type: none"> • Faculty Diversity Action Plan • Promotion and Tenure • Retentions | <ul style="list-style-type: none"> • Provost | <ul style="list-style-type: none"> • Deans • Faculty shared governance |
| Campus Support Units Allocation Pools | <ul style="list-style-type: none"> • Shared Pool Investments • VCAA budget allocations • COO budget allocations • Chancellor budget allocations | <ul style="list-style-type: none"> • Chancellor, Provost, and COO for Shared Pool • Respective leader for VCAA, COO, and Chancellor budgets | <ul style="list-style-type: none"> • Vice chancellors and vice provosts |
| School/College Allocations | <ul style="list-style-type: none"> • Merit allocations • Dept. / division allocations • Everything else relative to specific school or college operations | <ul style="list-style-type: none"> • Respective dean plus designees | <ul style="list-style-type: none"> • At the discretion of the dean |

Review: Other Key Design Decisions Impacting the Model



Implementation Readiness

As CU Boulder enters the next stage of the project, there are a few components that will need to be further developed:

- Funding request and review processes for:
 - Campus Support Units
 - Supplemental Fund
 - Strategic Fund
- Supplemental Fund guidelines and principles
- Development of strategic priorities



SAC Full Design Recommendation Review



University of Colorado **Boulder**



Accomplishments to Date

We have made considerable progress in our budget model redesign efforts and are nearing completion of the Solution Design phase of the project.

| Recap | Timeframe |
|--|-----------------------|
| ✓ Developed "guiding principles" – Ideal Future State | January 2021 |
| ✓ Determined project governance structure and commenced SAC and DC meetings | January 2021 |
| ✓ Developed allocation priorities through 40+ stakeholder interviews and listening sessions | January 2021 |
| ✓ Benchmarked historical allocation decisions and funds flow | February 2021 |
| ✓ Developed a prototype allocation model including the following topics: <ul style="list-style-type: none">✓ UG & Graduate Core Funds Allocation Methodology✓ Integration of Tuition Differentials✓ Allocation of Campus Unit Funding✓ Allocation of Mandatory "off the top" Costs✓ Supplemental Funds Methodology✓ "Hold Harmless" Implementation Commitment✓ Various Others (Institute Faculty, Double Majors, Continuing Education, Merit Increases, etc.)✓ Terminology Recommendations – Glossary Subcommittee | March 2021 – Dec 2021 |



Design Recommendations to Date

There have been many design recommendations made throughout the entirety of the solution design phase of this budget model redesign.

Core Funds Allocation

| | |
|--|---|
| Colleges & Schools vs. Campus Tuition Split | Split 65% / 35% with graduate 75/25 and undergraduate 64/36. |
| UG vs. Graduate Split | Unique allocation methodologies have been designed for undergraduate and graduate tuition based on actual revenue projections. |
| UG SCH Allocation vs. Other SAC Priorities | <p>The recommendation is to allocate 10% for SAC Priorities and the remaining 90% using SCH for the undergraduate tuition.</p> <p>This will need to be revisited after the graduation/retention incentives are built into the model and the impact can be analyzed.</p> |
| UG SCH Allocation | <p>Baseline 70/30 COI vs. COR split will be built into the model.</p> <p>Tuition Differential has been incorporated into the model following a revision of the design parameters set by the ES.</p> |
| UG Other SAC Priorities Allocation | The model will use a straight-line linear incentive model. The split between the graduation and retention incentives is recommended to be 50/50. |
| Graduate Tuition Allocation | Revised recommendation – 2 new groupings of grad tuition based on program type: Tuition Remission (TR) Eligible, All Other Graduate Tuition (PMP and Remission Ineligible) based on the standardized approach. |

Supplemental & Strategic Funding Allocations

| | |
|---------------------------------------|--|
| Hold Harmless Commitment | Historical budgets will be funded in Year 1 of model implementation, meaning units will be “held harmless” from the impact of new allocation methodologies upon the initial adoption of the new model. |
| Go-Forward Allocation Criteria | Prioritize the CU Boulder values of Research, Public Service, and CU Boulder Reputation for support via Supplemental Funds and Strategic Investments. Units/Schools/College would be able and encouraged to think about how to incentivize these at a unit level. |
| Funding Mechanism | <p>Supplemental Funds will be withheld prior to any net tuition allocation to the schools/colleges.</p> <p>This funding will be redistributed back to the schools/colleges at the discretion of the Provost to ensure units are adequately funded and positioned to achieve the overarching strategic goals of the University.</p> |

Campus Unit Allocations

| | |
|--|--|
| Allocation of Campus Unit Funding | The 35% portion will be split into four categories of funds. Three would be the existing proportional Provost, COO, and Chancellor buckets, and the fourth grouping would be a shared discretionary pool containing ~10% of the total new funding (this was a starting percentage chosen for the sake of the example) that could be allocated strategically to any Support Unit depending on the needs of the University at that time. |
|--|--|

Mandatory Costs

| | |
|---------------------------------------|---|
| Recognition of Mandatory Costs | The SAC recommends that the incremental change in mandatory costs be taken off-the-top in the gross to net tuition calculation. This include ICCA, Library Licensing, Utilities, Deferred Maintenance, and Insurance. |
|---------------------------------------|---|

SAC Full Design Recommendation Review

Core Funds Allocation



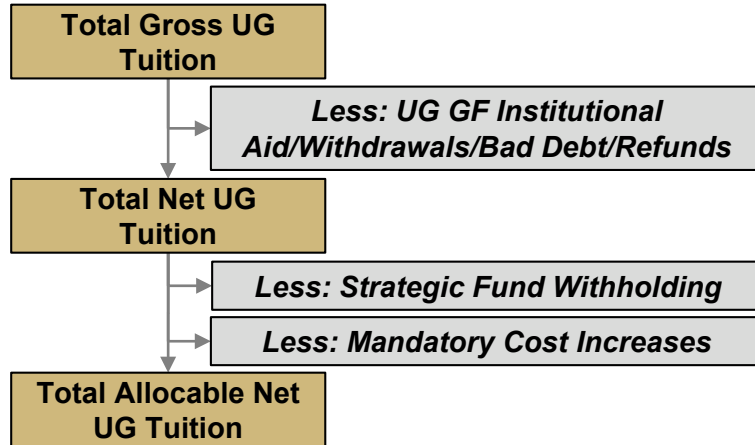
University of Colorado **Boulder**



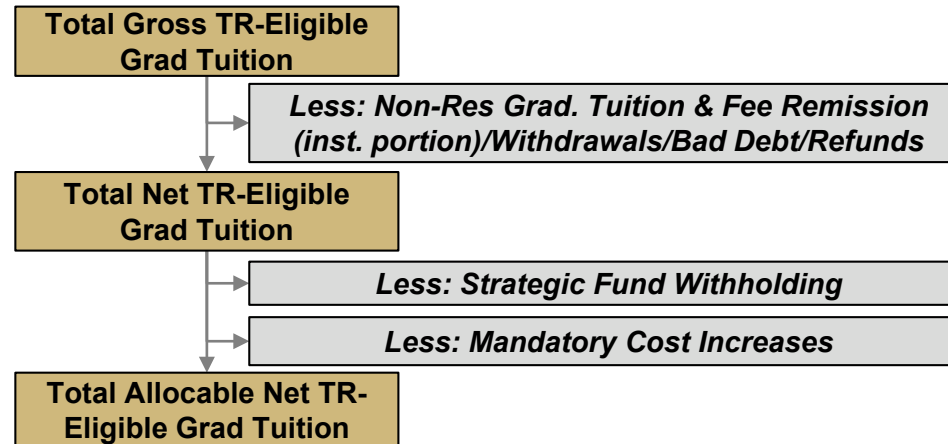
Overview of Net Tuition (1/1)

Net Tuition is derived from Gross Tuition net of General Fund Institutional Aid/Withdrawals/Bad Debt/Refunds, select mandatory cost increases, and Continuing Education Tuition.

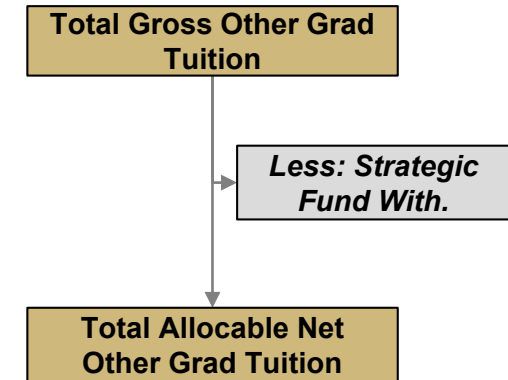
Net Tuition Calculation - UG



Net Tuition Calculation – Remission Elig. Grad



Net Tuition Calculation – Other Grad



Rationales for Exclusions

GF Institutional Aid, Withdrawals, Bad Debt, Refunds:

- Offsets to gross tuition are excluded from any allocation calculations off-the-top.

Strategic Fund Withholding:

- Essential, mission-critical operations at the university require funding support that exceeds their revenue allocations in order to execute their mission/strategic requirements on behalf of the university. Because Strategic Funds may be available to all units within the University, the withholding of funds *must* happen off-the-top as to not unduly burden on unit over another.

Mandatory Costs:

- Rationale on the following slide.



Mandatory Costs (1/1)

Specific mandatory costs have been identified. These costs change on an annual basis without institutional decision-making and need to be accounted for in the model.

These costs are unique because...

- Cost increases are often driven externally vs. internal management decisions
- Services/benefits **do not belong to a specific unit** or office
- Costs generally **increase annually** and require significant operating changes to avoid
- **These costs include:** Utilities, ICCA (Intercampus Cost Allocation), Library Licensing & Materials, Deferred Maintenance, Insurance and Legislative Requirements.

SAC Recommendation

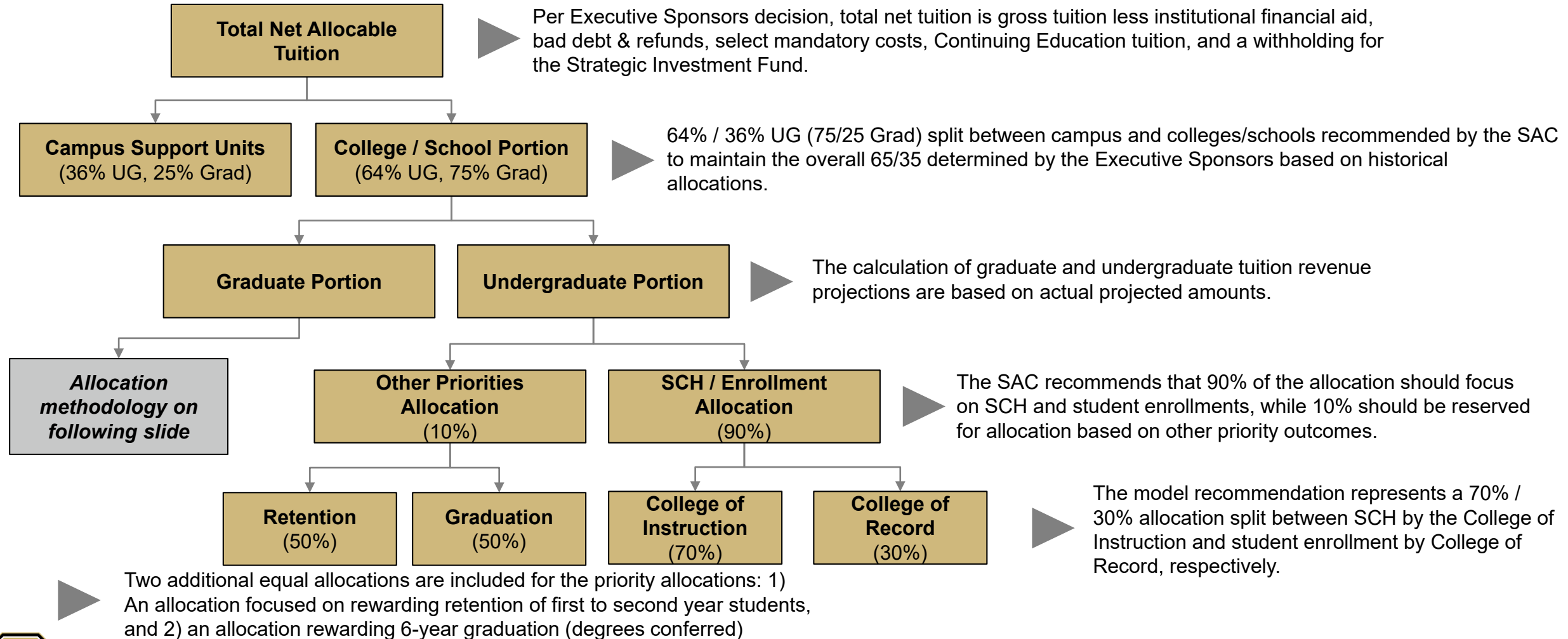
- The Strategic Alignment Committee recommends accounting for the below mandatory cost increases in the **gross-to-net Tuition calculation off-the-top, prior to allocating out any tuition.**
 - The rationale behind this recommendation is mainly driven by the fact that these are **university-wide costs**, and there is not a clear allocation methodology (e.g. Square foot, FTE, etc.)
 - The **current base amount** for these costs should **remain as part of the 35%** and only the incremental change in future years should be included in the net calculation.

Allocable Net Tuition is the balance of tuition after institutional aid, bad debt, refunds, mandatory costs, and the Strategic Fund withholding. Allocable Net Tuition is the pool of funding that flows into the model for allocation to units through the formulaic and discretionary pools.



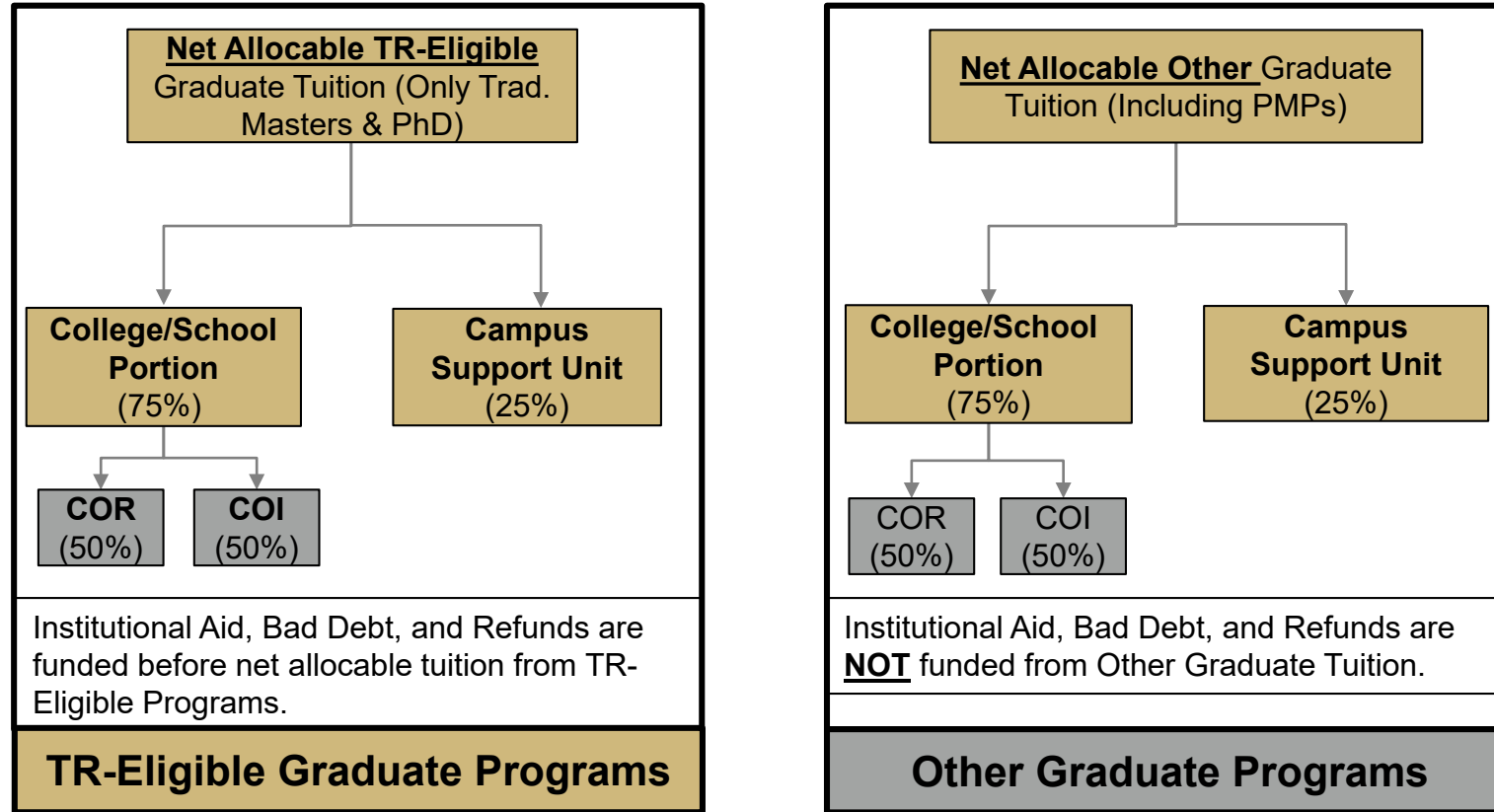
Core Funds Allocation: Net UG Tuition Allocation (1/1)

This flow of funds outlines the journey of net tuition dollars through the model's allocation methodology.



Core Funds Allocation: Net Grad Tuition Allocation (1/1)

All graduate tuition to be allocated is separated into two groupings to reflect the different types of graduate programs across the University: Tuition Remission Eligible (TR) & Other (Law & PMPs).



The distinction between TR-Eligible Programs and Other Graduate Programs ensures only programs that are eligible for the benefits of the non-resident graduate tuition remission (TR), administered by the Provost's Office, are providing funding for the non-resident tuition remission budget.

SAC Full Design Recommendation Review

Discretionary Allocations



Allocable Net Tuition (1/1)

Allocable Net Tuition will be shared between the schools/colleges and the campus support units/general campus costs.

65% School Allocations:

- The overall share of 65% to schools/colleges and 35% to support units/general campus costs was established by the Executive Sponsors.
- **UG Allocable Net Tuition** will be split 64% to the Schools/Colleges and 36% to the Campus.
- **Grad Allocable Net Tuition** will be split 75% to the Schools/Colleges and 25% to the Campus.
- To more **closely align the graduate tuition school/campus split** with existing program structures (i.e.: PMP revenue sharing), the graduate tuition split was increased to 75/25 (from the original 65/35 split).
 - However, because the overall 65/35 split must be maintained to meet the **hold harmless principle and preserve the historical balance of net tuition funding** allocations, the UG tuition split needed to shift to 64/36.

35% Support Unit & Campus Cost Allocations:

- The allocation for the Campus Support Units and general campus costs will **fund existing allocations** and then be allocated through four pools managed by campus leadership.
- **New funds, or fund reductions, will be allocated in 4 pools** to the Chancellor, Provost, COO, and a Shared Allocation pool.
- **The three individual pools** (Chancellor, Provost, and COO) will be allocated based on the **individual discretion** of the respective leaders.
- **The Shared Allocation Pool** will be allocated by **joint decision-making** from the Chancellor, Provost, and COO.
- During the "hold harmless" year in FY23, **a process will need to be developed for how units request new campus funding**. Strategic Funds, Individual Support Unit Funds, and the Shared Pool will be available to fund new requests from campus support units.



Supplemental Funds Withholding Process ^(1/1)

The process for collecting and allocating Supplemental Funds represents a balance between unit incentives and supporting the discretionary, strategic goals of the University as a whole.

Supplemental Funds *Withholding* Process

- The overall Supplemental Fund will be **generated by a portion of net tuition within the 65% school/college net tuition allocation**. This portion will be **taken off the top** before the remainder of net tuition flows through the allocation incentives.
 - The sum of the Supplemental Fund will be large enough so Supplemental Funds Allocations can **hold each unit harmless** in Year 1 of implementation.
 - The Supplemental Fund Withholding Rate is recommended to be **locked for 3 years** in order to create a more predictable planning process for schools/colleges. Toward the end of the locked period, the rate would need to be reevaluated.

Supplemental Funds *Distribution* Process

- **A clear and transparent process will be developed** (led by the Provost's Office) on how funds will be requested, submissions reviewed, and recommendations made to the Provost. The Provost has final decision-making authority.
- Supplemental Funds will be **allocated only to eligible units**.
 - Eligible units include: Schools/Colleges & 'Academic Support Units' (Grad School, Undergrad ED, Institutes, Libraries)
- The allocation of incremental Supplemental Funds for each school/college beyond the first year will likely reflect a balance between maintaining existing budget allocations (i.e., hold harmless) and allocations for new priorities.
 - As total tuition increases, the Supplemental Fund will grow, and allocation decision-making will be required to strategically distribute the additional available funds.
 - If total tuition declines, the Supplemental Fund, and all other tuition funds, will decrease and require additional decision-making to manage the reduction.
- The Supplemental Funds Distribution (Allocations) should **be held at the level of hold harmless for 3 years**, including the hold harmless year in FY23.



Faculty Personnel Actions (1/1)

After review of the mandatory personnel actions and options for budget allocations, the Office of the Provost recommended a mechanism for managing several faculty specific actions in the new budget model.

Background

- There are several **faculty-specific personnel actions** that are managed in the Office of the Provost for decision-making and budget allocation to units.
- These faculty specific personnel actions include **faculty promotion and tenure, faculty retentions, and allocations for the Faculty Diversity Action Plan (FDAP)**.

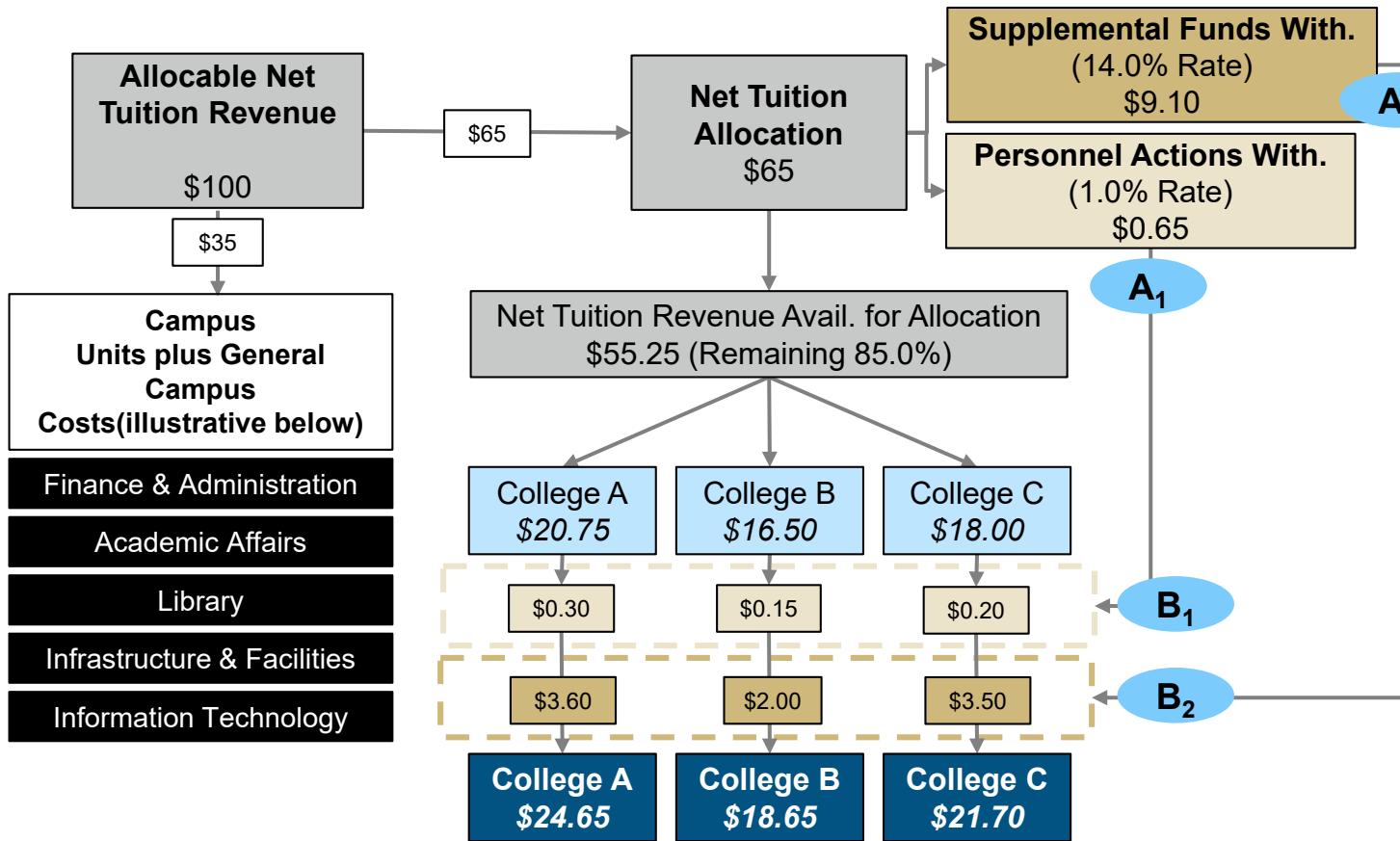
SAC Recommendation

- The proposed recommendation is to fund the impact of these faculty personnel actions **"off-the-top" of the 65%** (school/college) share of allocable tuition in the design parameters.
- This will be achieved by creating a new **Faculty Personnel Actions Withholding rate**, assessed before the flow of funds through the budget model activity metrics, as a percent sufficient to fund these personnel actions, reviewed annually in the budget allocation process.
- The 65% historical calculation *includes* the impact of faculty actions, so the appropriate level of funding will be available to support this allocation approach.
- The corresponding dollar outflow will be allocated to academic units through a Personnel Actions allocation, similar to the Supplemental Funds allocation. The distribution of budget will follow actual expense impact as determined through currently existing processes.



Supplemental & Faculty Actions ILLUSTRATIVE Mechanism

Supplemental Funds & Personnel Actions Funding Process



Supplemental & Faculty Action Process Detail

- A** Supplemental Funds and Personnel Actions withholdings are taken 'off-the-top' prior to any school/college receiving a Core Funds tuition allocation.
- This process occurs prior to any formulaic allocation to support the university-first approach to the budget model.
- B** 100% of each funding pool is distributed to units.
- Funding is added to each unit's Core Funds allocation to generate each unit's "total sources of available funding."
 - Amount of funding distributed to each school/college is **determined by the Provost** following the conclusion of a **formalized request process** with consideration of the University's mission as a comprehensive AAU public teaching and research institution.

Strategic Fund (1/2)

The SAC supports the Strategic Funds approach of an annually determined set dollar amount withheld off-the-top.

SAC Recommendation:

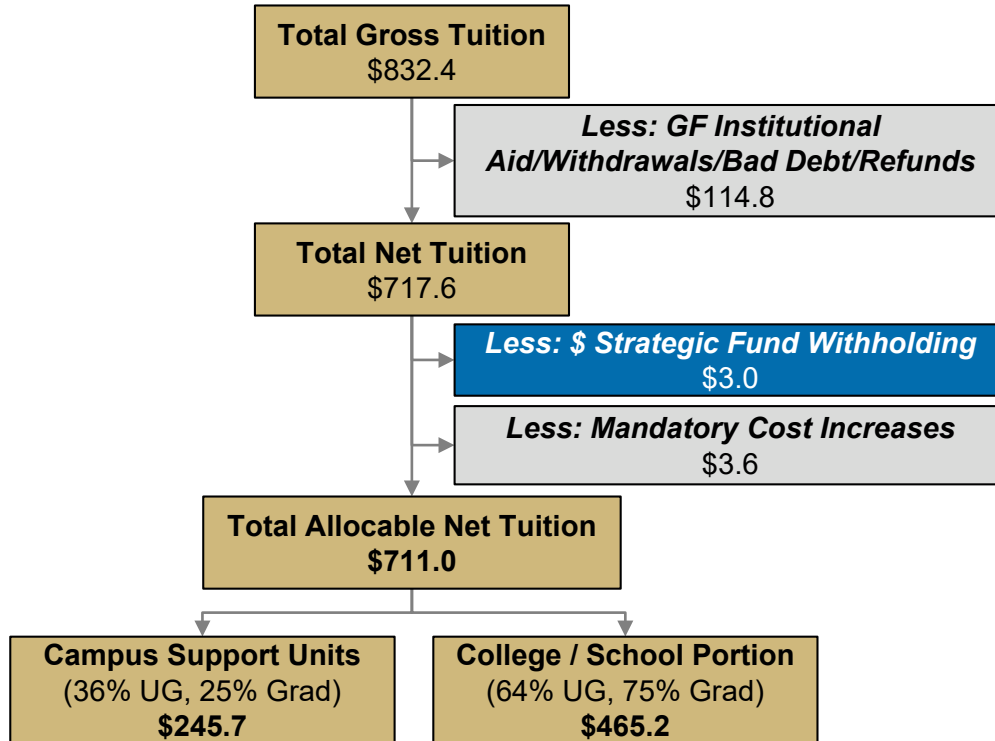
- The SAC supports the guidance provided by the Executive Sponsors to **withhold a set dollar (\$) amount of net tuition funding off-the-top for the Strategic Fund.**
- The magnitude of this **withholding will be flexible year-over-year** as to best align the size of the withholding to the *actual* strategic need of the university as determined through a transparent deliberation process of leadership that is still to be further finalized.
- These dollars would be available to fund the most important strategic initiatives across the campus as determined by campus leadership.



Strategic Fund (2/2)

The recommendation to the Executive Sponsors is to proceed with a set dollar amount withholding.

ILLUSTRATIVE Withholding Flow of Funds



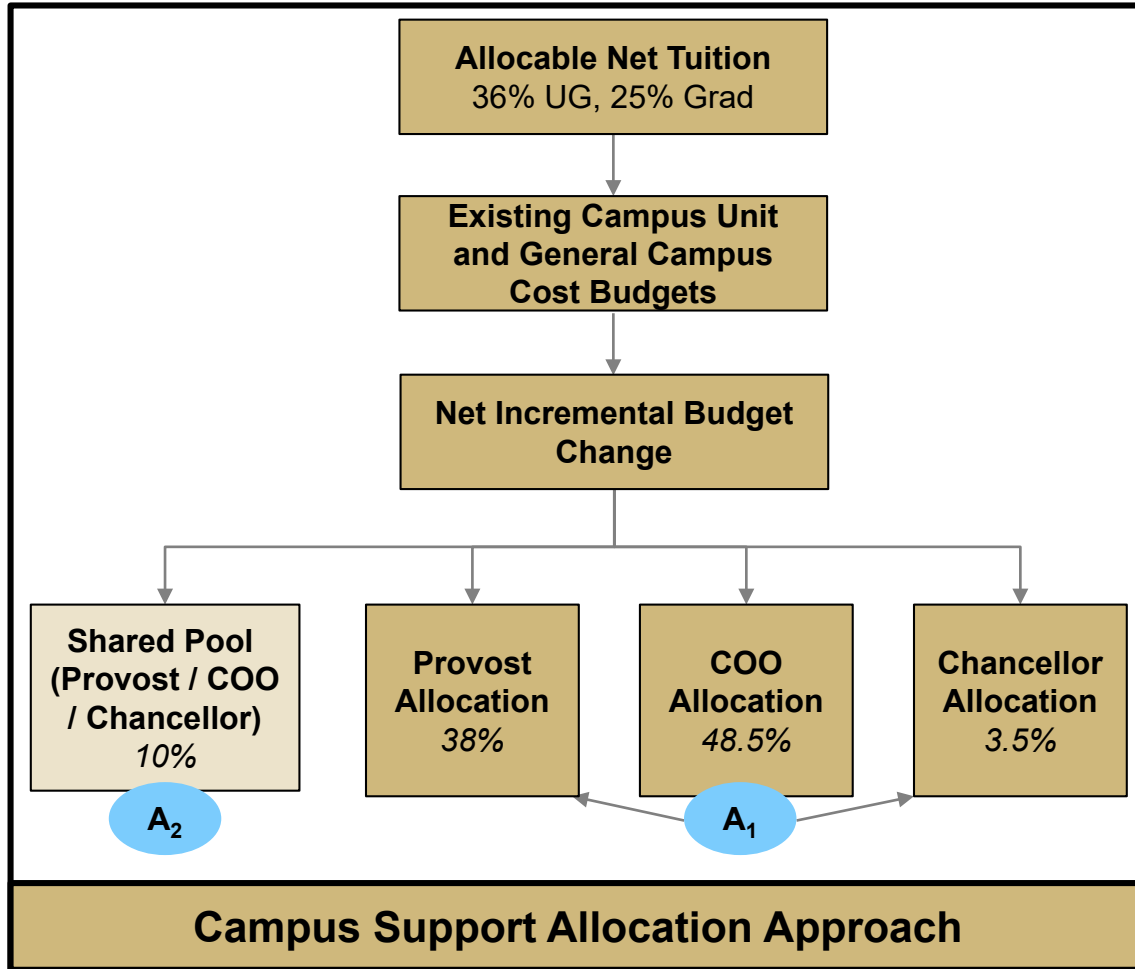
- Note: The Withholding is applied at the top of the flow of net tuition, meaning it is **netted against all units and not just the Schools/ Colleges**.
- The current **Strategic Fund amount for FY23 is earmarked at \$3.0M**.

Strategic Funding Process:

- A **deliberate engagement process for determining the University's overall strategic funding needs** will need to be established.
- The **main goals for this process** are to:
 - a) Outline the primary strategic priorities for multi-year strategic planning.
 - b) Project the funding required to sufficiently address the stated strategic goals.
 - c) Communicate these goals and funding requirements to the units as early in the budget process as possible to support the unit planning process and to promote transparency.
- Strong and clear messaging throughout the process will be critical to ensure the Strategic Fund is in alignment with the University's mission, priorities, and strategic needs.

Support Unit and Campus Costs Allocation ^(1/2)

The allocation for the Campus Support Units and general campus costs will fund existing allocations and then be allocated through four pools managed by campus leadership.



- **New funds, or fund reductions**, will be allocated in 4 pools to the Chancellor, Provost, COO, and a Shared Allocation pool.

A₁ The three individual pools (Chancellor, Provost, and COO) will be allocated based on the **individual discretion of the respective leaders**.

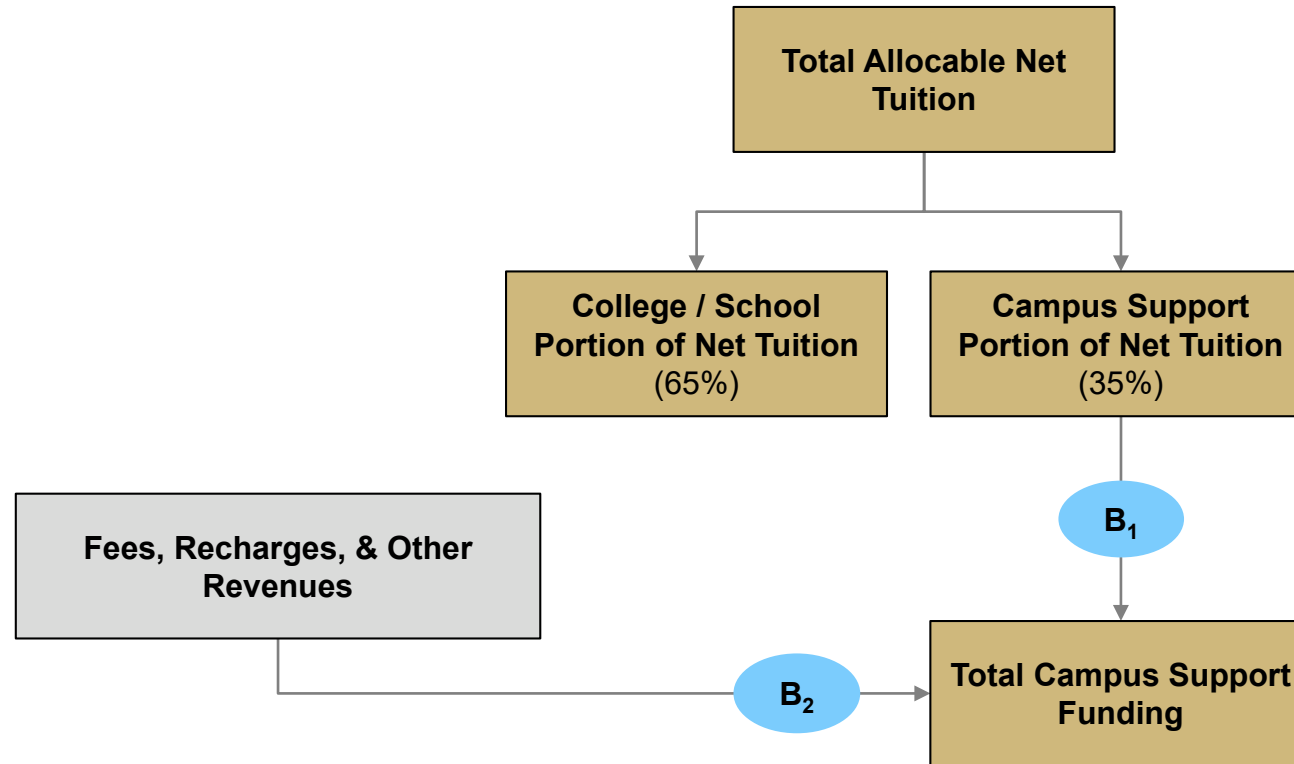
A₂ The **shared allocation pool** will be allocated by **joint decision-making** from the Chancellor, Provost, and COO.

- The current recommendation of **10% of incremental changes** is a suggested starting point and the final allocation into the shared pool will be **determined by the campus leaders**.
- It is recommended that a clear and transparent process be established by which **support units may request funds for the four pools**.

Campus Support Units (2/2)

Although net tuition is one of the main sources of funds for the Campus Support Units, it is not the only source of funding available.

Total Sources of Funding



$$B_1 + B_2$$

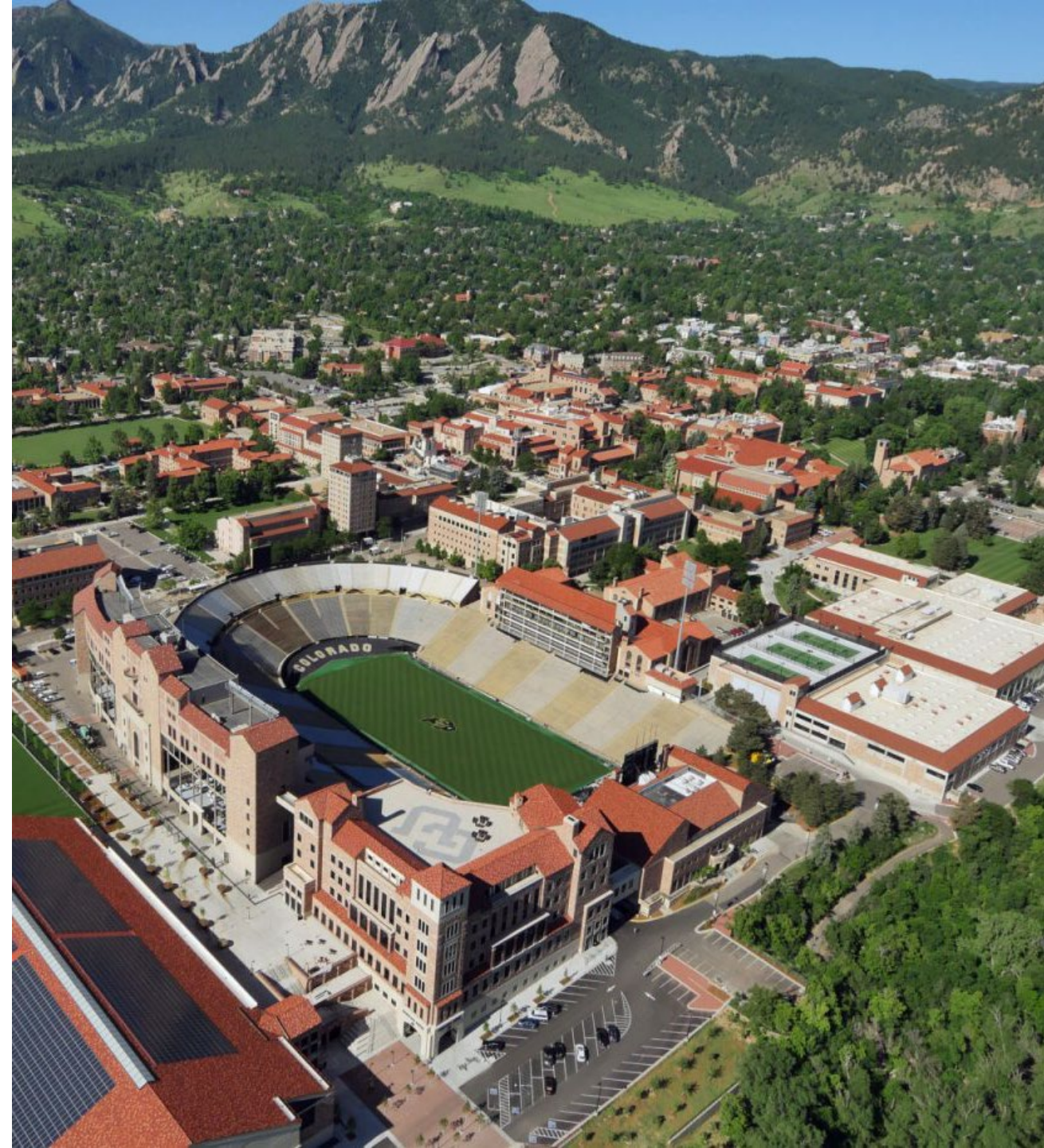
The campus support portion of net tuition represents an important, but partial, portion of **total campus support funding**.

$$B_2$$

Specific fees, recharges, and other revenues will flow directly to unit incurring cost (example: Career Service Fee will continue to flow directly to Student Affairs).

SAC Full Design Recommendation Review

Other Key Design Decisions
Impacting the Model



Differential Tuition (1/1)

The University charges both undergraduate and graduate students different tuition rates based on their primary major.

Background

- The campus charges students different tuition rates, in part, to recognize the varying costs of instruction across the schools/colleges.
- To recognize this within the model, the SAC determined it was crucial to include both undergraduate and graduate differential tuition rates.

SAC Recommendation

- The SAC recommends employing a **weighted-SCH/HC approach** to incorporate differentials within the model.
- This approach would apply **weighting to SCH and headcount for each school/college**. Weighted SCH/HC will **direct a greater proportion of tuition allocation to colleges with higher tuition rates** within the regular tuition allocation methodology.
- Weighting is **calculated using the lowest tuition rate (often A&S) to set as a base**. From there, all other schools have their weighting calculated as a ratio above the lowest tuition rate.
 - Weighting for both undergraduate and graduate differentials **reflects the campus's current resident mix** (UG: 89/11, Grad: 55/45 Res/Non-Res).



Academic Support Units ^(1/2)

In the proposed design recommendations, there are units included in the "Support Unit" bucket engaged in for-credit interdisciplinary or multi-disciplinary instructional delivery.

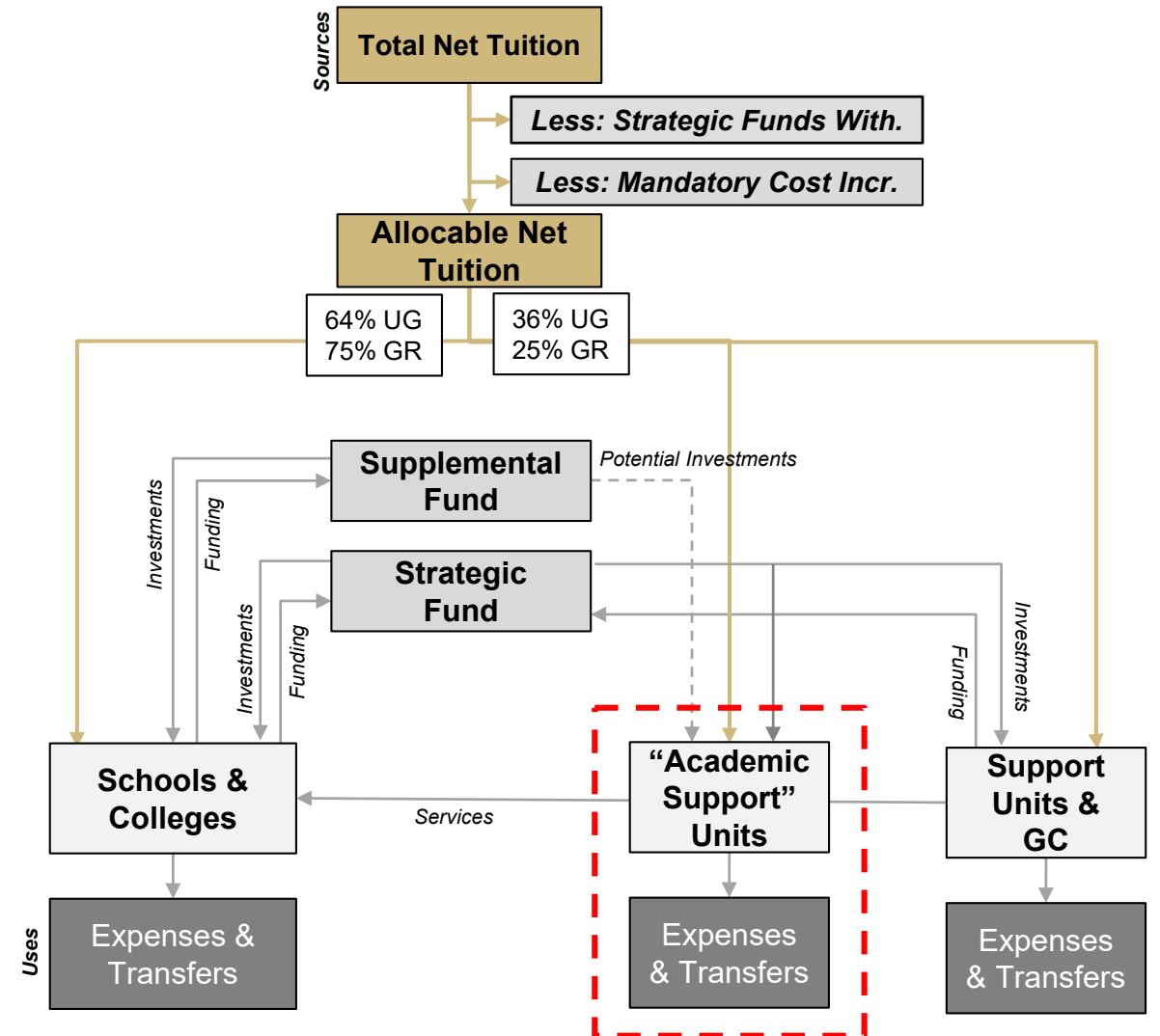
- The SAC recommends including a **mechanism for units meeting specific criteria in the "Support Unit" bucket to be eligible to request and receive Supplemental Funding** in support of strategic instructional activities, direct student success, and faculty actions funding for faculty personnel changes (P&T/FDAP/Retentions).
- There will **not be a direct formulaic allocation** to these units, rather an **opportunity to provide resources through the Supplemental Funds process**. The existing budget for these units, merit increases, and other routine funding would be provided through the 35% of the budget model allocation.
- This approach balances model simplicity with flexibility, by not creating "hybrid units" while recognizing the contribution to instructional activities.
- **Criteria proposed: *General Fund*** academic and research support units overseen by a dean and engaged in for-credit interdisciplinary or multi-disciplinary instructional delivery.
- **Units included:** Institutes, Undergraduate Education, Graduate School, and Libraries.

SAC expressed concern that this opens the door for the 65% to fund the 35%, and recommends that careful monitoring will be needed to ensure a transparent and sustainable allocation process.

Academic Support Units (2/2)

The graphic below displays the flow of net tuition revenue and includes the proposed flow of funds for "Academic Support" Units.

- “Academic Support” Units will be **funded for standard incremental costs and needs** as part of the 35%. These units may **request new funding from the support unit allocation pools**.
- The “Academic Support” Units will be **eligible to request and receive funding from the Supplemental Fund** and the faculty actions pool, withheld from the 65% flow of funds.
- All units across the university are eligible to request and receive funding from the Strategic Investment Fund.



Split Funding for Faculty Members (1/1)

Across the university, the majority of faculty are funded by one home unit; however, in some cases, split funding occurs.

Background

- There is a small, yet significant, portion of the faculty that relies on funding that is **split across multiple units**.
- This raises various issues, as it is vital to **properly account for the costs associated with instruction** and to ensure adequate funding is flowing to the correct unit.

SAC Recommendation

- Funding will flow to **the instructor's tenure home** for the COI tuition allocation.
 - **If no tenure home exists**, funding will flow to the department with the highest appointment percentage.
 - **Recommendation:** SCH associated with non-school/college instructors will be allocated to the school/college based on course prefix.
- This may require the use of agreements between individual units.
 - The exact organization of that process still needs to be further fleshed out prior to implementation.
 - The scope and organization of such a process would potentially be part of our Implementation Readiness work.



Program in Exploratory Studies (PES) Retention (1/1)

“Undergraduate Education” is listed as the College of Record for PES students; however, Undergraduate Education is a Campus Support unit, not a school/college, and allocating retention incentive to UG Ed would make it a “hybrid unit” within the new budget model.

Background

- PES admits students exploring options across all colleges/schools (the campus-wide open option) and includes students who were not admitted to their college of choice (ACO).
- In Fall 2021, **25.5% of all first-year students were enrolled in PES**, making this a **critical population** to consider for the retention incentive within the budget model (total headcount situates PES, just under 3,000 students, between CMCI and Leeds).
- ACO students have the **lowest 2nd Fall retention rates** of any student population. Tracking the Fall 2019 cohort, by the 3rd fall, 19% had enrolled in Arts & Sciences.
- A PES Working Group was formed by the DC to help answer: How should the net undergraduate tuition allocation’s retention incentive work for PES students? What unit should earn credit for their retention?

SAC Recommendation

- If a PES student is retained and matriculates in *another* school/college in Year 2, **that school/college would receive the incentive.**
- If the student is retained within the University *and within* PES for Year 2, then **A&S would receive the incentive.**



Double Majors & Minors (1/1)

The College of Record headcount will be determined by counting the majors and minors of students.

Background

- The preliminary model used primary major to calculate the College of Record allocation.
- The SAC recognizes that the assignment of primary major **may not ensure that sufficient allocations are directed to all major schools/colleges for the cost of instruction** and support they provide to students and for delivering major programs.

SAC Recommendation

- The SAC recommends that cross-college and cross-divisional for A&S multiple major students be counted as **1.0 for each major** in the headcount for the COR allocation.
- The SAC recommends that cross-college minor students be counted as **0.25 for minors** in the headcount for the COR allocation.
- While the SAC conversation focused on modeling and approaches for undergraduate double majors/minors, there are **82 graduate students with double majors**.
 - The SAC recommends following a consistent approach so cross-college multiple major graduate students would also be counted as **1.0 for each major** in the COR allocation.



Diversity, Equity, & Inclusion (DEI) (1/1)

One of the priorities defined by the SAC is to clearly identify how diversity, equity and inclusion goals can be better supported through the campus's budget model.

| Background |
|---|
| <p>The new model supports the goals of DEI via the following:</p> <ol style="list-style-type: none">1. Central resource funds: including Supplemental fund, Strategic fund, and funding for campus units – create flexibility to make discretionary allocations in the interest of DEI and other core components of the university’s mission.<ul style="list-style-type: none">Central funds can be used for material, targeted investments in DEI scholarships, hires, and/or support infrastructure to support initiatives.2. FDAP: The Faculty Diversity Action Plan will be continued through the Faculty Actions pool in the new model to continue support for diverse hires. This will eliminate the Faculty Vacancy Reallocation sweep and replace it with an ongoing funding mechanism.3. Allocations provide additional resources to schools and colleges for growing SCH, student headcounts, retentions, and graduations. |

| SAC Recommendation |
|--|
| <ul style="list-style-type: none">Commitment of \$5M annually will be supported by the model with continuing funds allocated from the Strategic Fund. In FY23, \$1M in continuing funds will be allocated to DEI from the Strategic Fund.The Faculty Diversity Action Plan (FDAP) will be supported by an off-the-top Faculty Personnel Actions pool to provide consistent and stable funding.Guidelines for discretionary funds will include DEI metrics in support of decision-making.<ul style="list-style-type: none">The Provost's Office (Ann Schmiesing, Danielle Brunner, etc.) will work with stakeholders to establish the process, criteria, and guidelines that will support allocation recommendations for the Supplemental Fund going forward in FY26 and beyond. One of the criteria will be student and faculty DEI metrics.The 10% Shared Pool will be used in part to support DEI efforts within campus support units. |

Academic Program Allocations (APAs) (1/1)

Cease the direct allocation for the former APAs as the funding growth formerly allocated through this process will be funded through the new model allocation formulas.

Recommendation:

- There will be **no direct allocation process for APAs** in the model, because enrollment-based funding will be provided through the COI and COR allocation process.
- However, schools/colleges may at their discretion continue to use previous APA allocation formulas to allocate internal funding to academic departments or programs.
- The current FY 22 allocations are included in the hold harmless calculations.
- When course and program fees were eliminated, the student fee revenue generated to support these fees was also eliminated, so no direct student funding is received for APAs; rather, this allocation is funded from overall revenue.
 - The current, direct APA process was intended to smooth the transition away from fee-based revenue, and APA funding has already been calculated as part of the 65%.

Summer Session and Summer Incentive (1/1)

The committees considered the potential benefits and tradeoffs of including/excluding summer revenue within the model.

Background

- Discussions revolved around the University's desire to **grow summer revenues** and what the potential impact on Summer Session would be should it be included.
- The SAC determined that if summer is included in the model, it would serve to **incentivize summer** more than it currently is today.
- Summer salary/pay will continue to follow the current rate schedule and procedures.
- However, the funding will now go to the school/college through the budget model rather than directly to the academic department/program from CE. The school/college will account for summer costs as part of the new budget model.

SAC Recommendation

- Summer should be **fully included in the model**.
- This will **eliminate the need for the current summer incentive**.
- As with the full Budget Model Redesign allocations, this may have different impacts at the program level.
- Since summer revenue will be allocated to the school/college through the new model, additional work will need to be conducted in consultation with CE and schools/colleges to provide necessary reporting to support this transition.



Variables Inputs ^(1/2)

The SAC proposes the following approaches to addressing the handling of variable inputs within the model.

Overall Variable Drivers:

- For the initial launch of the new model, the new model should allocate tuition using **real-time resources (budget) and historical allocation drivers (SCH, COR, etc).**

SCH & HC Variables Timing:

- Approach: Prior Calendar Year
 - This option would provide adequate responsiveness within the model – allowing units that are growing to see benefit from that growth and see it reflected in their budgets quickly.
 - A prior calendar year approach was favorable compared to a prior academic year approach as that option would lead to units receiving their upcoming budget information very late in the hiring process.

Historical Average Smoothing:

- No Smoothing: There will be no historical averages used to smooth variations in the allocation drivers (SCH, headcount, etc).
 - Historical averages smoothing can be used to minimize 1-year variations in the data. The rationale behind our recommendation *against* smoothing is based on the actual data – as CU Boulder mainly services 4-year students, natural variations YOY tend to automatically smooth out, thus limiting any major spikes in the data.



Variable Inputs (2/2)

The SAC proposes the following approaches to addressing summer revenues within the model.

Summer Revenue:

- Approach: Projected Summer Revenue
 - This would best align revenues with expenses by allocating the summer revenue in the fiscal year where the majority of expenses are incurred.
 - This will require a revision to the current forecasting process and will rely on consistent tracking of tuition revenue by term.

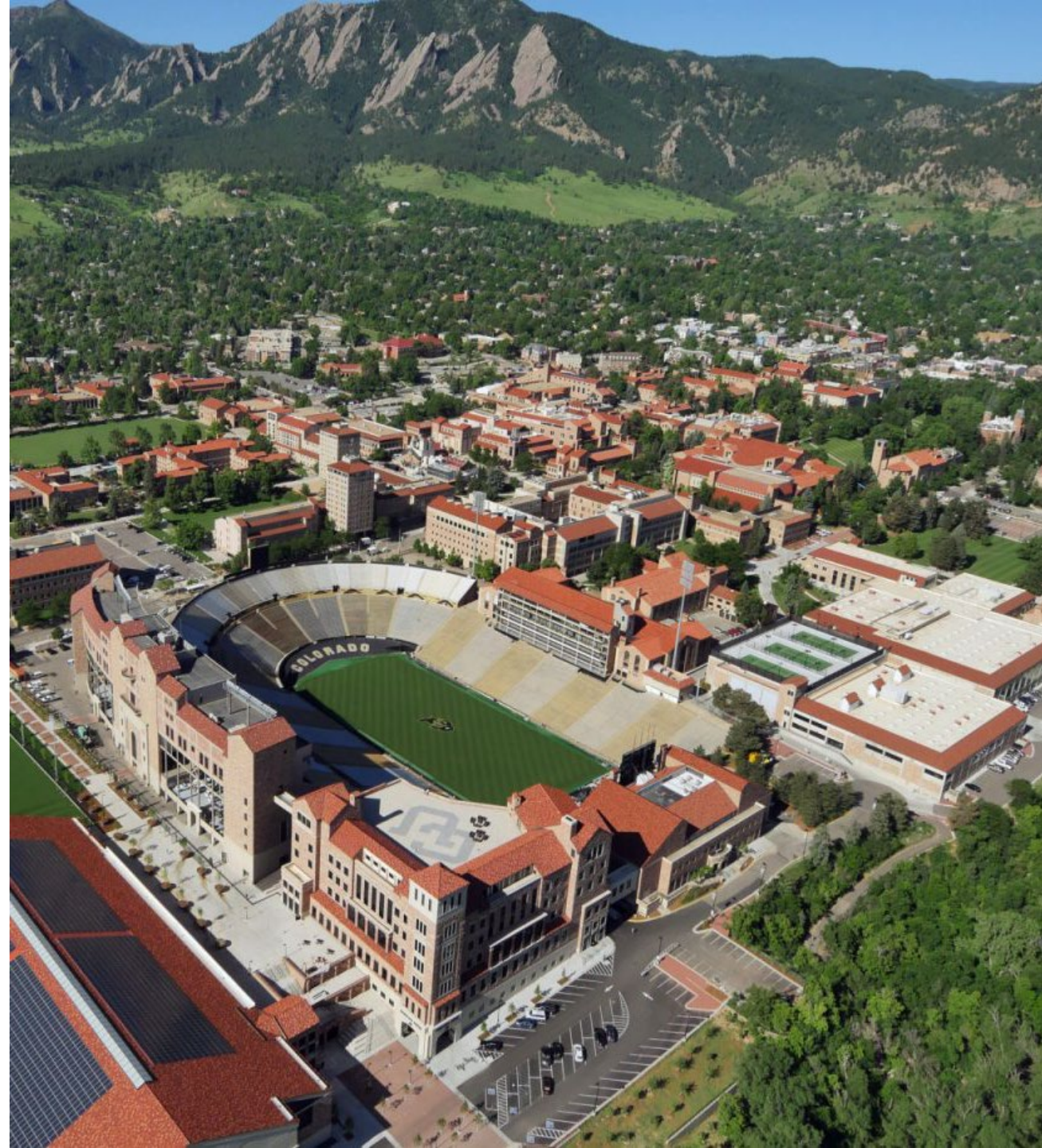
True-up:

- Approach: Complete a true-up report and allocations for summer and fall revenues and spring forecast post-census in fall, likely October.
 - This would allow as much time as possible for schools/colleges to plan the use of their funds and distribute funds in alignment with the timing of the new merit process.

The SAC would like to work on developing the competencies needed to support a more responsive model and commit to reassess the decision in 3-5 years whether to change the model timing variables.

SAC Full Design Recommendation Review

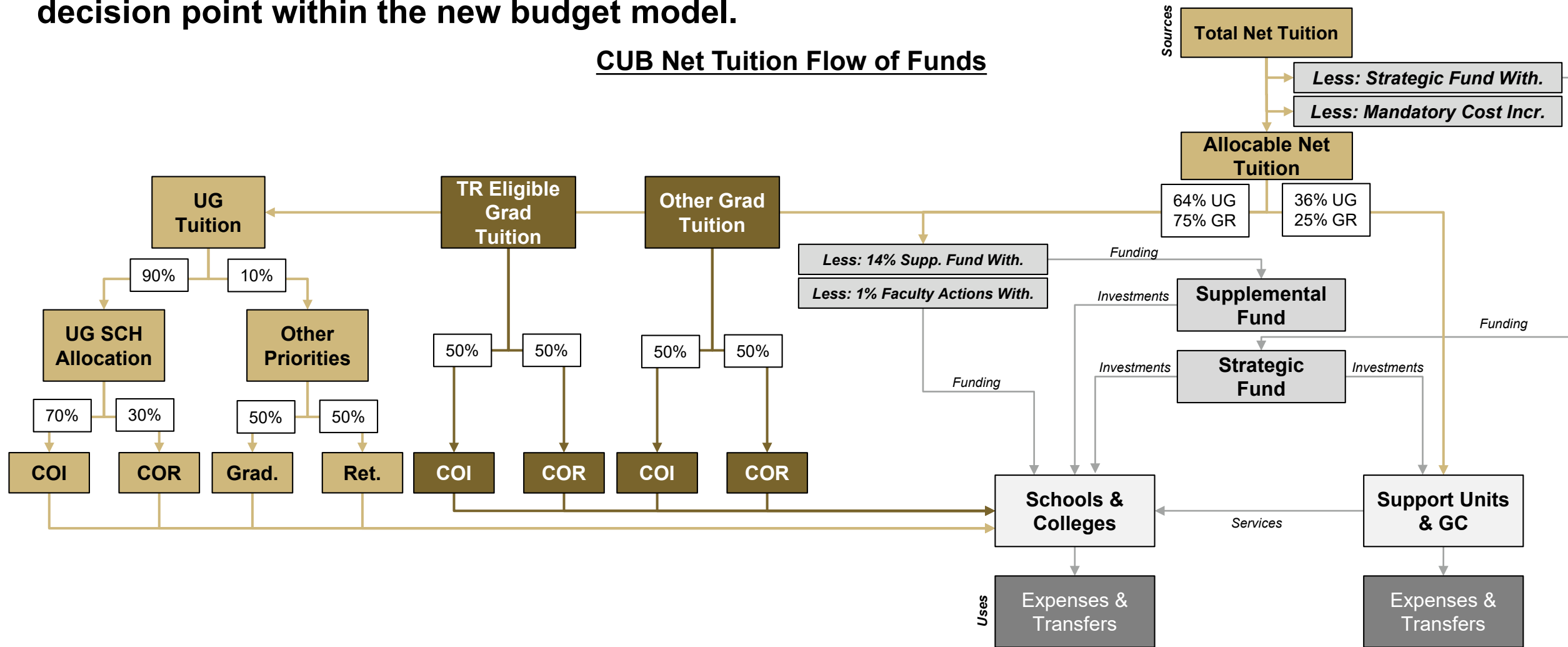
Appendix



Flow of Funds: Net Tuition Allocation

The graphic below displays the flow of net tuition revenue and highlights each model allocation decision point within the new budget model.

CUB Net Tuition Flow of Funds



Flow of Funds: Other Revenues

The graphic below displays the flow of net tuition and non-tuition revenue within the new budget model.

CUB Other Revenues Flow of Funds

