Aligning our Resources to our Mission: Financial Futures

Review of Financial Futures Approach and Progress to Date
December 2018
Financial Futures serves the university’s mission by enabling strategic initiatives

Our Mission:
CU Boulder is a comprehensive graduate research and teaching university that advances the public good.

Vision
To be a leader in addressing the humanitarian, social and technological challenges of the 21st century.

Lead. Innovate. Impact. • Colorado Creed • Making Excellence Inclusive

Academic Futures
Embracing the core mission

- Foundations of Excellence
  Enhancing the first year student experience

- Inclusion, Diversity and Excellence in Academics (IDEA) Plan
  Making excellence inclusive

- Strategic Facilities Visioning
  The future of campus facilities

- Complementary campus and unit based initiatives and projects*

Financial Futures
Aligning our financial resources to our mission

*Campus Accreditation, Academic Reorganization, Unified Student Experience, Innovation & Entrepreneurship, Sustainability, Enrollment, Transfer Students, etc.
Contents

✓ Financial Futures background
How the process will unfold
Next steps and how to get involved
CU Boulder has been on a two year journey to transform its budgeting process

- **January 2017**: Started “CU Boulder should change our budget model”
- **August 2017**: Kickoff
  - **Strategic Budget Conversations**
    Deans, Vice Chancellors, each other, Directorates
- **Fall 2017**: Working groups
  - What CU Boulder is learning – what’s emerging
- **January 2018 Retreat**: 
  - What to accomplish
  - Action into the spring!
- **Fall 2018**: 
  - Academic Futures
  - Financial Futures
CU Boulder is moving from an incremental budgeting process to a “total funds” approach.

From an incremental budget approach

**CU Boulder has an incremental General Fund budget:**
The budget for the current fiscal year becomes the continuing base budget for new, incremental allocations in the next fiscal year

- About 95% of the budget is considered a continuing base and automatically rolled over to the next fiscal year
- As incremental funds become available, most are directed to mandatory costs, such as compensation, financial aid, insurance, and library subscriptions
- The remaining funds, usually about 2%, are available for strategic investments.

To a total funds budget approach

**A total funds budget approach** looks beyond budgeted General Funds for resources to allocate toward the university's mission

- Reallocate funds to new funding needs that are strategic priorities
- Ensure 100% of total funds are aligned to the mission
CU Boulder launched Financial Futures with five main goals

1. Align the university’s limited resources with mission
2. Ensure support for Academic Futures as it prepares to transition from the discovery phase into the “how” phase
3. Improve the university’s financial health and resilience
4. Build capacity for campus strategic initiatives
5. Maximize the university’s potential
Financial Futures adopted principles outlined during the budget process review

- Existing guiding principles
- Collaboration
- Transparency and candor
- Inclusiveness
- Aligned with strategic imperatives – “University First”
- Innovation
- Commitment to having difficult conversations
- Assumption of good will

- Leadership clearly communicating their vision and strategy
- Common ownership
- Prioritizing student care
- Colorado Creed – Accountable for the right reason
- Not paying for what we don’t want
- Having a positive impact on people
- Eliminating duplications of effort
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Financial Futures background
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The Financial Futures Leadership Team managed the Diagnostic phase

Financial Futures Leadership Team
Name, Title and Role

Kelly Fox, Chief Financial Officer
Ru"ss Moore, Provost and Executive Vice Chancellor for Academic Affairs
• Set overall vision, objectives and communication for Financial Futures
• Provided bi-weekly input to Financial Futures leads and working team
• Served as primary messengers about Financial Futures to the public and the broader university community

Carla Ho-a, Associate Vice Chancellor
Ann Schmiesing, Graduate School Dean
• Managed day-to-day interactions with the working team including providing connections to key stakeholders across the university
• Oversaw the diagnostic analysis over the last three months

University of Colorado Boulder
The Financial Futures team is focusing on four main areas

**Procurement Adoption Strategy**
Enable the campus to work with Procurement Service Center to improve processes and save some of the more than $535 million the school spends on goods and services each year.

**Use of Gift Funds**
Strengthen and improve the campus use of current and endowed gift funds.

**New Revenue Generation**
Recommend meaningful ways to supplement the university’s core income.

**Portfolio Evaluation**
Clarify the portfolio of activities to improve outcomes, reduce duplication, align activities more closely with goals, and enhance student, faculty and staff success.
We have now completed the diagnostic, the first phase of the three-step process to develop Financial Futures components.

1. Diagnostic & Benchmarking (13 weeks)
   Using benchmarks, expert interviews and outside-in analysis, we explored opportunities in four areas:
   - Procurement strategy
   - Use of gift funds
   - New revenue generation
   - Portfolio evaluation

2. Solution Design (Duration to be determined)
   - A. Set priorities based on the diagnostic, Academic Futures, and other strategic initiatives
   - B. Engage faculty, staff and students in shaping the solution
   - C. Craft an implementation plan with projects, financial projections and timelines

3. Implementation (Duration to be determined)
   - Launch the projects
   - Rigorously monitor progress
   - Seek additional input from faculty, staff and students

4. Campus-wide communications: Engage all university stakeholders to ensure representative participation across the campus, build awareness and provide regular progress updates
We used three main data sources in the diagnostic phase: Advisor insights, benchmarks and baseline performance

**Advisor insights**
- Interviewed Financial Futures Advisors to review insights from historical analyses and gather perspectives on what is achievable based on experience and expertise

**Analysis of peers/benchmarks**
- Tested CU Boulder key performance indicators against internal and external benchmarks to determine the scope for improvements

**Historic performance**
- Established baseline performance through independent review of financials
- Identified previous peaks in performance and constraints

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**Financial Futures Diagnostic**
The consulting working team interviewed more than 100 campus stakeholders across different groups:
- Shared governance leaders
- Foundation
- Procurement
- Admissions and Financial Aid
- IT, Finance, Human Resources
- Research
- Student affairs and services
- Auxiliaries (Athletics, Housing, Dining, Conference Services, Bookstore, UMC, Real Estate)
The Diagnostic phase revealed ideas worthy of further exploration (preliminary)

<table>
<thead>
<tr>
<th>Procurement Adoption Strategy</th>
<th>Use of Gift Funds</th>
<th>New Revenue Generation</th>
<th>Portfolio Evaluation</th>
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<td><strong>Opportunity area:</strong> Procurement</td>
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<td><strong>Ideas for further exploration:</strong></td>
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<td>- Deepen partnership between CU Boulder and the Procurement Service Center</td>
<td>• Improve the use of gift funds</td>
<td>• Increase freshman enrollment</td>
<td>• Review alignment of campus programs</td>
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<td>- Improve supplier relationships and negotiate best pricing</td>
<td>• Increase best practice sharing across schools and colleges</td>
<td>• Improve the student experience to drive retention and completion</td>
<td>• Optimize the use of the University’s working capital</td>
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<td>- Enhance category strategies</td>
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<td>• Improve the transfer process and increase number of transfers</td>
<td>• Improve capital productivity</td>
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**Use of Gift Funds**
- Improve the use of gift funds
- Increase best practice sharing across schools and colleges

**New Revenue Generation**
- Increase freshman enrollment
- Improve the student experience to drive retention and completion
- Improve the transfer process and increase number of transfers
- Expand graduate offerings
- Expand continuing education programs
- Scale up summer and evening courses
- Expand online programs
- Improve revenue-generating opportunities, including use of campus space, contract negotiations and alternate operating models
- Increase and diversify research funding

**Portfolio Evaluation**
- Review alignment of campus programs
- Optimize the use of the University’s working capital
- Improve capital productivity
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Financial Futures background
How the process will unfold
✓ Next steps and how to get involved
We will now move into the Solution Design phase

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<th>Solution Design (Duration to be determined)</th>
<th>3. Implementation (Duration to be determined)</th>
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4. Campus-wide communications: Engage all university stakeholders to ensure representative participation across the campus, build awareness and provide regular progress updates
In the Solution Design phase, faculty, staff and students will work together to develop a detailed plan across each workstream using a methodical, tested approach.

- Solutions will be **collectively developed and owned by the university faculty and staff who will deliver the projects**, but not at the expense of quality or mission of teaching and research.
- In the multi-week process, they will use a standard methodology to **develop plans, milestones and metrics** to track progress across opportunity areas.
- These plans will **help the university reach Financial Futures revenue growth and cost improvement targets**, freeing up resources.
- Work will be structured around **workstreams or specific opportunity areas**, such as enrollment, retention and procurement.
There will be ample opportunity to get involved with the Solution Design team

Financial Futures Solution Design Roles

Financial Futures leadership team
• Set overall vision, objectives, and communication for Financial Futures
• Champion efforts through target-setting, role identification, communications and role-modeling

Workstream Sponsors
• Facilitate cross campus alignment and support for workstream projects
• Ensure workstream meets targets and successfully executes projects
• Provide targeted support to workstream leads

Workstream Leads
• Manage day-to-day workstream activity and progress on projects
• Coordinate with workstream sponsors to troubleshoot issues
• Coach, develop and motivate project owners

Project Owners
• Manage the day-to-day execution of specific projects
• Engage workstream leads and sponsors as necessary and work with workstream leads and sponsors to overcome roadblocks

How to get involved:
Beginning December 2018
• Become a project owner within a workstream
• Support project owners through participation on their team or in support of their projects
• Submit ideas for projects on the Financial Futures website
• Reach out to workstream leads with specific ideas
We will set up and launch the Solution Design phase in the coming weeks

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<th>Early – Mid-November</th>
<th>December</th>
<th>December and January</th>
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<tr>
<td>Organization of workstreams by opportunity area</td>
<td>Goals set for each workstream</td>
<td>Solution Design kick-off for leaders of workstreams to train on process of collaborative planning with faculty, staff and students</td>
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<td>Workstream leaders identified across a variety of CU Boulder stakeholders</td>
<td>Town halls to share workstream goals and leadership roles, and seek participation from broader campus</td>
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<td>Financial futures progress communicated to campus</td>
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Questions?

Further questions about Financial Futures?

Contact the Financial Futures leads Carla Ho-a and Ann Schmiesing

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