**Budget Allocation Review Committee - Session #6**

**November 21, 2024**

Attendees: Jen St Peter, Beth Myers, Lauren Goolsby, Nate Thompson, Michael Leaser, Margaret Wood, Kelly McCusker, Rich Allen,Scott Dawson, Stephanie Kelly, Nikolas Chabot-Olson,Mark Golkowski, Amy McGuire

*Missing Attendees: Ann Sherman, Anthony Wilson, Julien Langou, Julia Mahfouz,* *Phillip DeLeon*

**NOTES**

Welcome/Overview

* Jen St Peter opened the meeting and provided an overview of the agenda and topics for the group’s discussion for the day.

Decision-Making Continued

* Jen shared an overview of the decision levels that will need to be made by the committee (three levels)
* She reviewed the decision-making process that the committee agreed to in the last meeting (Session #5).
* Jen initiated a discussion with the group about time-bounding decisions, noting that the committee only has 6 meetings left before a complete recommended model is scheduled to be delivered to our new chancellor. She set expectations with the committee that the committee will have to make decisions with incomplete information – and that the committee will need to decide anyway based on the information they have.
  + Margaret shared appreciation for the expertise that Jen and Ann bring to the process and asked that they weigh in during the process. Jen expressed commitment to lift up considerations that the committee may have overlooked to support decisions (e.g. risks of specific models or decisions).
  + Mark asked about the likelihood of the new chancellor fully adopting the recommendations as written. Jen noted the value of the full committee coming together to look at all sides and enable informed decisions; she also noted the process for iterating on the revised model.
  + Jen noted that once decisions are made, we can actually play out how the model could look; at this time, we cannot do that.
  + Stephanie asked for a more detailed narrative explanation of what went wrong in the prior model to ensure we do not repeat past mistakes. Jen clarified that it was not a matter of the model “not working,” rather it was a confluence of factors, including decreasing revenue and the metrics along with the timing. Jen will provide context as we discuss the metrics, however we will not go line by line and do this as a full committee.
* Jen framed the need to clarify the guiding principles and success criteria to support the group’s decision-making process. She explained the importance of leveraging these guidelines to get the model right for CU Denver, as opposed to looking at other models that may or may not fit us.
* Jen proposed an option to delay the next communication window and repurposing time to go deeper into the guiding principles to flesh them out. As groups do this work, they could also assess how the revised criteria could support the next layer of decision-making.
  + Mark supported more time for the committee members to work together, and suggested considering narrowing the principles, noting conflicting ideas.
  + Beth asked for clarification about the timing of upcoming meetings – BARC learning sessions versus budget ideas sessions
  + The group discussed the challenges of balancing conflicting ideas (e.g. human element and predictability) within the guiding principles; Mark noted that it would be helpful to consider the balance of these ideas in the context of specific decisions.
  + Discussion about the process for managing feedback included a suggestion for asynchronous work with discussion across small groups that work will work on specific principles
  + Nate suggested the possibility of rank ordering the guiding principles to help us identify what is most important, as this would help us address conflicts between the principles.
* Jen clarified an intention to finalize the guiding principles by the December 12 meeting to enable decisions about metrics at the beginning of the second semester.

Recap from Model Type Survey

Jen reviewed the survey data and shared a visual table of her analysis of the survey results. She proposed that based on the results of the survey; the group will focus on two main categories:

* Incentive/Outcome Based (*including*: Contemporary Decentralized Budgeting, Responsibility Center Management, Performance-Based Budgeting)
* Incremental

The group voted on whether to move forward with these categories of models. This direction was approved unanimously.

Revenue, Indirect Costs, and University Revenue

Jen reviewed the decisions to be made at “level two”: revenue allocations, indirect costs, university revenue. She identified the specific discussion and decision points within each decision category.

Primer on Metrics

Jen provided an overview of budget model metrics and shared visuals from EAB that organize metrics into various buckets. Jen encouraged the group to consider what incentives should be included in the model as they review the EAB materials for homework.

Questions/discussion:

* Lauren asked about the possibility of changing allocations to the seven cost pools. She also clarified whether we will need to look at allocation within those pools. Jen clarified that the allocations to the cost pools can be changed, but the committee will not look at allocation within those pools (that is, the committee will not analyze the budgets of individual administrative offices).
* Jen elevated a concern about going through a zero-based budget process due to the time-consuming nature of the work, and the likelihood that units would come back asking for more money.
* The group discussed opportunities to reduce what we are doing overall. There were questions about how the academic transformation working groups could inform what we stop doing. Beth and Rich shared that changes are not likely to be immediate from the working groups, but groups like program viability could inform this longer term.
* A question was raised regarding the number of metrics in the model and whether more metrics is better than fewer metrics. Jen discussed ways that metrics and weighting can, in fact, help to smooth variations over time.
* Scott asked about how the non-revenue generating side of the house could be managed. Jen explained how the Boulder model works (taking funds off the top); if the university’s budget is going down, this automatically reduces budgets in administrative buckets. Absent that, we would need to make explicit decisions about who will cut and by how much, creating additional complexity. Discussion centered around the value of simplicity in the budget model and also the importance of placing decisions in the hands of unit leaders.

Jen discussed the idea of performance targets. She described this as similar to the strategic initiatives pool targeted to areas that this group recommends (e.g. retention targets). This could be a separate pool of funds that is allocated separately. This could be consistent every year or varied each year based on current priorities. This could help achieve the goals of the university.

Jen noted that EAB uses the term “academic subsidy” rather than subvention.

The group noted the challenges in tracking retention within a specific school/college given that students change majors/schools/colleges often. The group noted concern about avoiding pitting schools and colleges against one another.

Key Messages for Session #6

1. The group reached consensus about the two budget model types to explore further:
   1. (1) Incentive/Outcome Based (including: Contemporary Decentralized Budgeting, Responsibility Center Management, Performance-Based Budgeting)
   2. (2) Incremental
2. The group agreed regarding the importance of simplicity in the model.
3. The group began learning about metrics and began discussing the potential impacts.
4. The group agreed to spend time asynchronously working on the guiding principles and success criteria to refine them and to begin prioritizing guiding principles.

Next Steps:

* **Jen** to create and share a document with the committee containing the current principles and success criteria for review and refinement. Jen to provide a new column in the shared document with simplified versions of the current principles for the committee to build upon.
* **All committee members** to review and refine the budget model principles in the shared document before the December 12th meeting. All committee members to consider prioritizing and contextualizing the principles as they refine them.
* **Jen** to send out the EAB "Periodic Table of Budget Model Elements" paper to the committee for review.
* **All committee members** to review the EAB paper on budget model elements and prepare for discussions on revenue allocations, indirect costs, and university revenues at the next meeting.