**Budget Allocation Review Committee - Session #1**

**September 5, 2024**

Attendees: Jen St Peter, Beth Myers, Phillip DeLeon, Lauren Goolsby, Nate Thompson, Anthony Wilson, Michael Leaser, Margaret Wood, Kelly McCusker, Ann Sherman, Rich Allen, Scott Dawson, Julien Langou, Amy McGuire, Stephanie Kelly, Nikolas Chabot-Olson

*Missing Attendees: Kristyn Masters, Julia Mahfouz*

**NOTES**

Introductions

EVC Ann Sherman welcomed the committee members, and described the process by which they were each selected, to ensure that the committee has good representation both across the campus schools, colleges, and units, as well as at multiple levels of the institutional structures. Attendees introduced themselves by stating their name, their School/College/Unit, their familiarity with multiple levels of budget experience, and what they hoped to contribute, and learn, as a member of the committee.

Scheduling & Expectations

The committee is scheduled to meet on Thursday afternoons, every other week, with periodic breaks for campus-wide communications and updates. The schedule was deliberately established with a consideration for semester workload cycles, holidays, and the need for a cadence that encourages forward progress toward a great recommendation for improvement.

**Each committee member was asked to identify a partner/buddy who can provide updates, if someone is unable to attend a session.**

A review of the expectations from the Charge Letter was conducted, as well as the Committee’s Mission & Purpose, with the group providing affirmation of their understanding of their obligations, and expected outcomes.

History of the Current Budget Model

Jennifer St. Peter presented a history of the current budget model, describing the intended purpose of moving from an incremental model to an incentive-based methodology, the guiding principles, and governance model that is currently in place. This background material generated in-the-moment observations and questions, and concluded with additional questions generated by pairs of committee members, with the goal of developing FAQs and future discussion materials. Some of the content included the following (not all pairs reported out):

* Perception that the current budget model has more swings and has made it hard to plan over time as compared to the approach before the model was put into place
* Does CACB make recommendations re: moving funds away from an area?
	+ This has not been something CACB has done; this could be a great idea (potentially as part of the annual review process) for local areas to surface this
	+ We could also consider this at the university level to allow us to work more strategically
* Questions to help illustrate info for the general campus audience:
	+ What are the criteria that would lead to a greater incentive under the incentive model (e.g. enrollment, retention, etc.)?
	+ Why do we use the word “incentive”? Could we change this label to “support as needed” or “activity-based model”?
		- This is the time to re-brand
	+ Why did we choose an incentive model back in 2016-17?
		- Session #3 we will discuss this – spectrum of models
	+ How does the university have to balance revenue with cost (given that we have units that do not generate revenue and we receive revenue from enrollment, state, etc.)?
		- Units have to bring in enough money to fund non-revenue areas; this is all proportional and we have to balance
	+ It seems like every 5-10 years we are in a budget crisis. It seems really reactive (e.g. pandemic). Why can we not get out ahead of that and find resources to create financial sustainability?
		- We are looking at being able to plan ahead 3-5 years.

Budget Fundamentals

Jen then led a discussion of the structure of our budget model. Fundamentally, we subtract our costs from our revenue, balance costs based on infrastructure (through subvention) and strategic priorities (through an incentive pool), and that’s how resources are allocated. As expected, this material generated a lot of questions and discussion, including the following:

* Are our cost drivers making sense?
	+ There is room for simplifying the cost drivers and cost pools. This will be part of the work of this committee
* How do we understand when subvention is appropriate versus when it should be reduced/avoided?
	+ Assumes current spending is where it should be – this is a tough nut to crack; locks in what a school/college is getting versus what it should be getting
	+ This is something for this committee to explore
* How does subvention impact other units?
	+ The driver to contain costs centrally with administration sits with CACB. The hope is to have transparent conversations about this
* Is there a targeted percentage of reserves?
	+ Not currently. CU Denver does not have a reserves policy currently.
	+ NACUBO – 3-6 months of operating expenses is the guideline
* Is tuition budget always assuming growth?
	+ No – and we know that our tuition budget has been decreasing for the past couple of years.
* Do we “tax” revenue from schools/colleges?
	+ Funds are pulled from schools/colleges for the mission enhancement fund.
	+ (Mission enhancement fund comes out as a negative, subvention comes back in as a positive)

**Because there was such an engaged series of discussions during the agenda thus far, the committee bumped up against the 4:00 end-time, and postponed one agenda item to the next working session. The PPT slides associated with this session have been adjusted accordingly.**

Key Messages to the campus from the committee’s 1st session:

1. We had a nice agenda, which generated very thoughtful questions
2. Transparency and sharing is fundamental to the way this group will work
3. The breadth and depth of representation on the committee is very meaningful
4. The group is committed to being available to our respective stakeholders, and to communicating broadly across the campus to foster shared meaning and understanding across the campus population.
5. We are committed to the goals laid out in the charge letter