**Budget Allocation Review Committee - Session #2**

**September 19, 2024**

Attendees: Ann Sherman, Jen St Peter, Beth Myers, Phillip DeLeon, Lauren Goolsby, Nate Thompson, Anthony Wilson, Margaret Wood, Kelly McCusker, Rich Allen, Julien Langou, Stephanie Kelly, Julia Mahfouz, Mark Golkowski, Amy McGuire

*Missing Attendees: Scott Dawson, Nikolas Chabot-Olson, Michael Leaser*

**NOTES**

Welcome & Introductions

Ann Sherman welcomed new members to the committee: Julia Mahfouz and Mark Golkowski and allowed them to share their roles, what they are bringing to the committee, and what they hope to learn.

Members were asked to identify their “buddies” who will inform one another about missed content if they are unable to make it to a session. Pairings: Lauren/Stephanie, Julien/Kelly, Beth/Rich, Phillip/Mark, Julia/Nikolas, Margaret/Scott, Nate/Anthony, Michael/TBD

Presenting Problems and Pain Points

The committee members were asked to identify the presenting problems or pain points related to the current budget model they hear from faculty and staff colleagues. Once ideas were identified, they were posted and analyzed into categories by the group.

Themes discussed with the group:

* **Subvention**: What is it? What is the impact on schools over time? What is the impact on incentives? How does leadership decide how much each college gets?
* **Rules and consistency for D2**: D2 is not well-defined. Clarifying differences between D2 and D3. Is D2 and D3 in the budget model or not?
* **Research**: How is research incentivized? What is the impact of external research funding?
* **Cost/Tax for Admin**: How are admin costs identified? How were these baselines established and can they be reevaluated. How is the amount of money identified for areas that are non-revenue generating?
* **Credit hours**: Wide range of cost per credit hour. Is there a difference between cost per credit hour and allotted funding?
* **Continuing versus one-time funds**: Explain where continuing versus one-time money comes from.
* **Growth/shrinking**: How does the model work with growing versus shrinking programs? How can we rely on revenue from growth when we are having budget constraints?
* **Enrollment**: Enrollment is dropping – do we have less money each year? We need to re-invest in recruitment and enrollment.
* **Costs of hiring and promoting**: How do we grow programs with limited resources?
* **Retirement incentives:** Concern with not being able to replace faculty in growing programs
* **Investment:** How can we invest in great new ideas?
* **Grad/Undergrad:** Need more distinction between grad/undergrad (e.g. faculty/student ratios)
* **College planning:** How do we handle full courses and allow for adding courses?
* **Baselines:** How can we establish adequate baseline budgets?
* **Communication:** Are we reaching everyone with information about our budget model?
* **Peers:** What do peer institutions do to allocate funds?
* *Out of scope for this group: Plans for consolidating/closing programs*

Jen St Peter shared common themes that arise with other audiences, including deans. Including: 1) we’ve had enrollment growth and associated expenses, while the allocation hasn’t kept up. 2) There’s a perception that the current model doesn’t encourage cross-disciplinary or cross-college programs. 3) We need to figure out a way to balance our missions of education and research. 4) Trying to incentivize growth is a challenge when you can’t hire faculty for growing programs.

Myth Busters: Fact versus Fiction

The committee explored common facts and myths related to the current budget model:

* There is no incentive in our current budget model. **MYTH/FACT**
  + The current model does incentivize student credit hours, but has been suspended.
* Administration can just give out additional budget in a year. **MYTH**
  + Confusion exists in distinguishing between continuing budget and one-time budget; one-time budget is sometimes available for specific purposes. There is also a perception that Admin holds onto money and distributes as they wish.
* Deans have discretion over allocations within their school/college. **FACT**
  + Deans have discretion, but there are areas of less discretion since funds are committed (e.g. tenured faculty). Other constraints may limit deans’ flexibility in making allocation decisions.
  + The DSTk was produced following the creation of the budget model to help provide metrics and to inform decision-making. Additional shifts to the DSTk may come out of this process as we determine what data is most helpful/needed. One challenge is that there is not a direct link between dollars in and dollars out because of the way the model is designed – this is also a communication challenge.
* We HAVE to allocate out Revenue by student credit hours or majors. **MYTH**
  + We currently do this via head count and credit hours, but there are other options for how to allocate out revenue (e.g. program type, type of class – hands-on vs. lecture).
  + This group has an opportunity to make recommendations to align our budget model to who we want to be as a university.
  + We could include retention and graduation in the calculation. CU Boulder does this to a small degree. There are also risks with this. We also need to consider unintentional impacts of our incentives that are damaging to the university as a whole.
* The timing of the budgeted allocation lags enrollment growth or decline. **FACT** 
  + We forecast next year’s budget and use data from two years ago. Timing of the metrics matters.
* The campus can guarantee future outcomes if a college/school makes a new program. **MYTH**
  + Through the mission enhancement fund in the budget model incentive fund can provide one-time dollars to cover programs for a given year. This is a decision at the campus level. This is always done at the beginning of the year as part of subventions. We have not used this in the way it was intended. CACB has always decided to push this back out to colleges in the same way as the core budget model to support core costs.

Current Budget Model and Guiding Principles

*The committee skipped this topic due to limited time.*

Criteria to Assess Future Recommendations

Ann Sherman revisited the purpose and role of the committee highlighting that this is a collective effort that will result in a recommendation.

In small groups, committee members discussed the criteria that could be used to evaluate future alternative solutions, or to assess the efficacy or feasibility of the committee’s recommendations.

Group #1:

* Baseline data for grad and undergrad
* Student experience and student retention
* Strategic priorities / shared values
* 2030 Goals
* Something about encouraging cross-collaboration amongst schools/colleges

Group #2:

* Clear how it aligns with the strategic plan – this may be multiple measures across the goals
* Encourages flexibility

Group #3:

* Account for annual cost of increase (e.g. insurance cost)
* Able to account for crises
* Simple, predictable and transparent
* Long-term analysis, prediction and forecasting
* More “human” than just a formula

Group #4:

* No one starting in the red – new baselines; sensitive to viability of existing programs
* Simple to understand and articulate – not convoluted
* Opportunities for shared governance input

Key Messages to the campus from the committee’s 2nd session:

1. It’s complicated!
2. There are no “easy” answers, but the committee members are committed to try and disentangle and make clear a budget model that supports all units to benefit the student experience on all levels of education.
3. Large conversation about student credit hours and headcount – conversation about methods for allocating revenue.
4. The committee examined myths and facts about how our model and process works to clarify some common points of confusion.

Local Session Prep

Committee members were asked to begin planning for local sessions to share information related to the committee’s first two sessions. The frame for planning these local stakeholder meetings is: Who, What, Where, When, Why and How (*reference* *handout*).

In addition, Ann and Jen will be doing two campuswide learning sessions to share information with people who may miss it in other forums.

Members of the committee expressed concern about not being experts in budget models and the overload of information. Members were asked to speak about their experience as a member of the committee, not to be budget experts. Members were encouraged to bring back questions they are not able to answer – many of those questions could be added to the FAQ on the website and to future learning sessions.