



# Budget Model Update: Allocation of State Funding and Internal Campus Budget Models

Regent Finance Committee  
March 31, 2023



University of Colorado

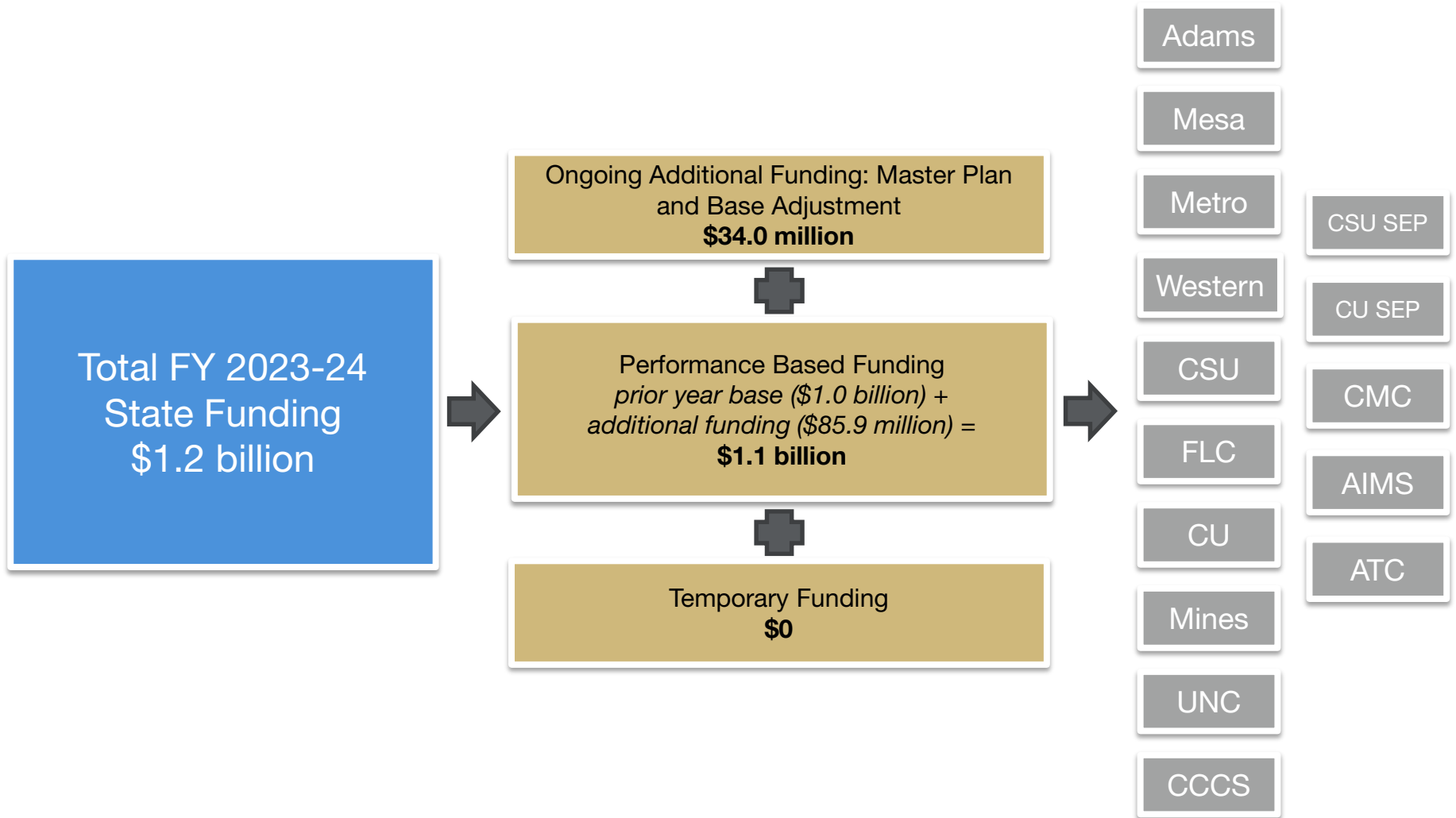
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# How Are State Dollars Allocated through the Higher Education Funding Model?

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- Appropriation based on:
  - Ongoing additional dollars
  - Performance-based funding, core of the model (funds inflationary increases)
  - Temporary additional dollars
    - Never used
- Specialty Fee-For-Service contracts
  - Funding for CU Anschutz Medical School

# Higher Education Funding Model

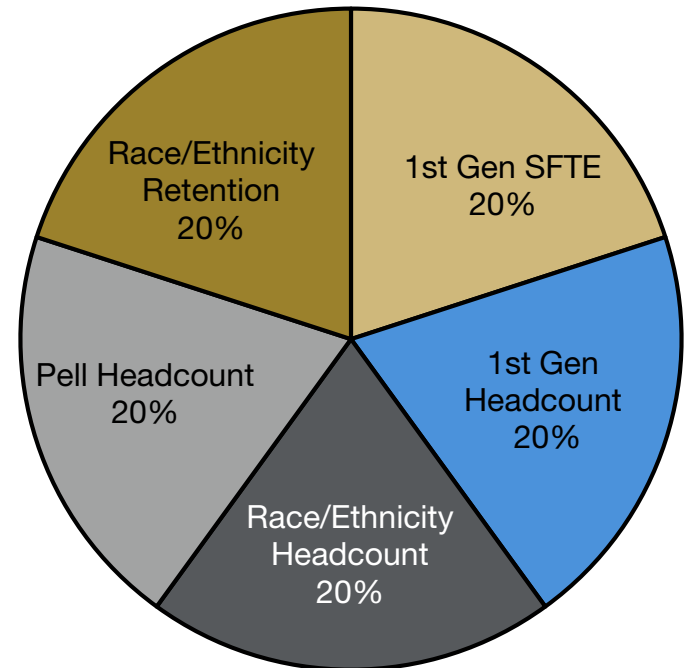


Funding flows from the state, through the funding model, and out to the IHEs.

# Higher Education Funding Model: Ongoing Additional Funding

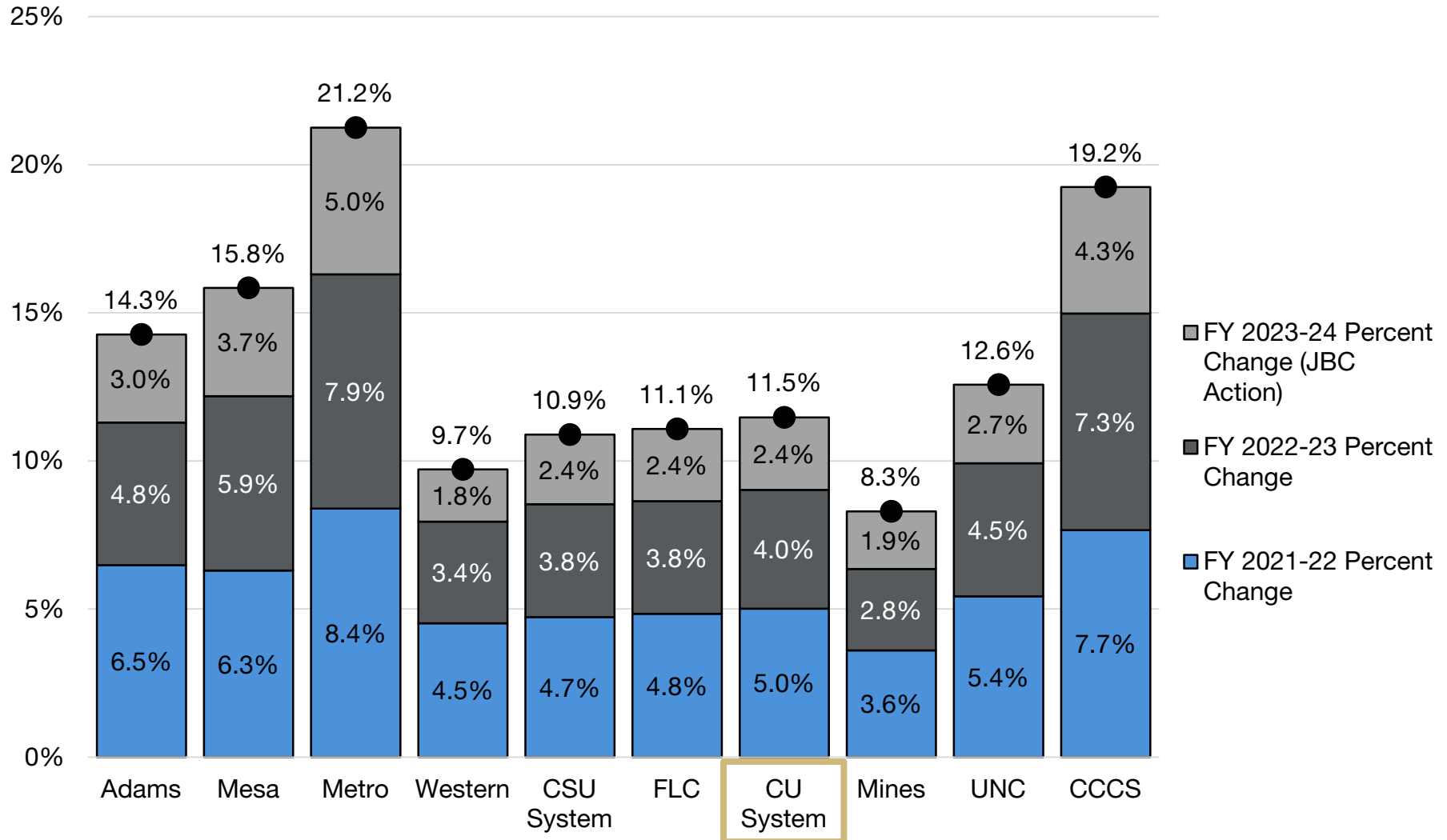
- Ongoing additional funding (base building)
- Intended to increase prior-year appropriations in order to make progress toward master plan goals, such as:
  - Addressing base funding disparities
  - State funding priorities not addressed elsewhere
  - Resident first-generation undergraduate students

Share	Proposed Distribution Formula
20%	First-generation student FTE enrollment
20%	First-generation student headcount
20%	URM Race/Ethnicity headcount
20%	Pell (low income) headcount
20%	Retention of URM students



# Higher Education Funding Model: Ongoing Additional Funding

## Year-Over-Year Percent Increase by Governing Board

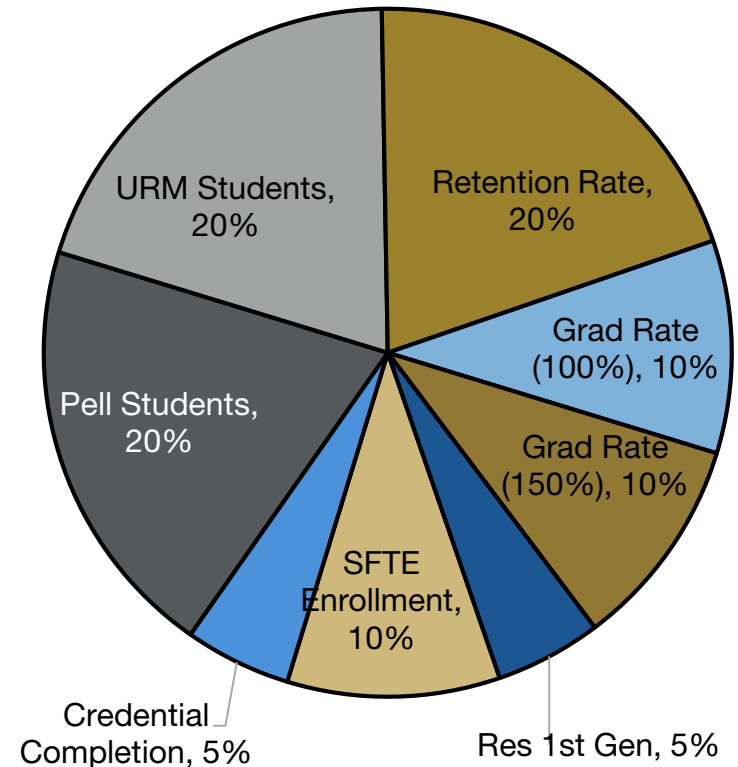


Note: Dollar amounts reflect FY 2023-24 JBC action.

# Higher Education Funding Model: Performance Based Funding

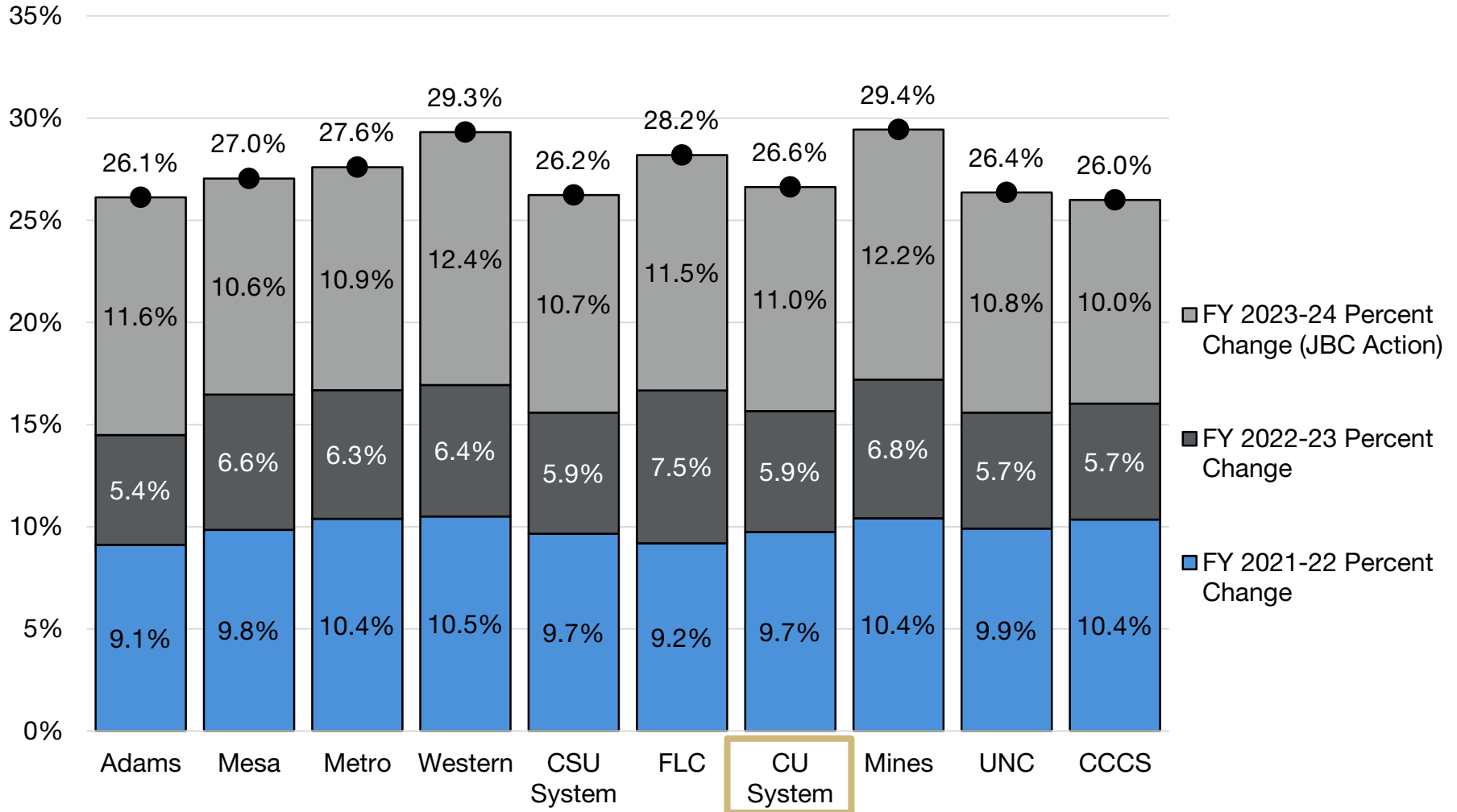
- Performance funding, core of the model
- Allocates 100% of prior year base through performance metrics
- Measures each governing board's performance over time against itself
- Annual changes have compounding effect over time

Share	FY 2023-24 Performance Metrics
10%	Resident student FTE enrollment
5%	Credential completion
20%	Resident Pell-eligible student population share
20%	Resident URM student population share
20%	Retention rate
10%	Graduation rate 100% time-to-degree
10%	Graduation rate 150% time-to-degree
5%	Resident first-generation student population share



# Higher Education Funding Model: Performance Based Funding

## Year-Over-Year Percent Increase by Governing Board



Note: Dollar amounts reflect FY 2023-24 JBC action.

# Higher Education Funding Model: Ongoing Additional Funding

	Adams	Mesa	Metro	Western	CSU	FLC	CU	Mines	UNC	CCCS	Total
First Generation (SFTE)	1.5%	4.7%	6.3%	0.7%	1.4%	1.5%	1.6%	0.7%	2.3%	5.3%	3.3%
First Generation (Headcount)	1.0%	4.0%	6.0%	0.3%	1.2%	1.1%	1.3%	0.5%	1.7%	6.1%	
Race/Ethnicity distribution (Headcount)	4.7%	2.7%	4.7%	3.4%	2.6%	3.1%	2.8%	1.9%	3.1%	3.7%	
Pell distribution (Headcount)	4.2%	3.7%	4.4%	1.9%	3.1%	3.4%	3.2%	2.4%	3.5%	3.0%	
Race/Ethnicity Retention	3.4%	3.1%	3.4%	2.5%	3.3%	3.0%	3.4%	4.3%	2.6%	3.2%	
Funding Change Over FY 2022-23 (in millions)	\$0.6	\$1.5	\$4.1	\$0.3	\$2.9	\$0.4	\$4.8	\$0.6	\$1.5	\$10.3	
Percent Change Over FY 2022-23	3.0%	3.7%	5.0%	1.8%	2.4%	2.4%	2.4%	1.9%	2.7%	4.3%	3.3%

Note: Dollar amounts reflect FY 2023-24 JBC action.



# Higher Education Funding Model: Performance Based Funding

	Adams	Mesa	Metro	Western	CSU	FLC	CU	Mines	UNC	CCCS	Total
Resident Enrollment 10%	10.4%	9.3%	6.0%	11.7%	7.8%	8.6%	9.1%	12.8%	5.6%	8.1%	8.3%
Credential Production 5%	8.7%	7.0%	9.1%	11.8%	8.4%	7.6%	9.6%	13.4%	6.7%	6.6%	
Pell 20%	6.6%	8.8%	8.9%	3.0%	10.1%	9.6%	8.4%	9.2%	9.9%	6.8%	
Race/Ethnicity 20%	7.8%	6.8%	9.2%	16.0%	7.3%	10.8%	8.0%	10.7%	8.9%	7.7%	
Retention Rate 20%	9.4%	7.7%	7.9%	11.2%	8.9%	4.5%	9.1%	8.3%	7.7%	7.6%	
Grad. Rate (100%) 10%	15.0%	10.0%	10.1%	8.6%	6.5%	12.9%	8.1%	7.7%	7.6%	7.7%	
Grad Rate (150%) 10%	8.0%	7.9%	8.4%	6.3%	7.4%	9.4%	8.5%	7.9%	10.3%	8.2%	
1st Generation 5%	12.7%	8.5%	7.4%	12.7%	7.3%	12.7%	7.8%	12.7%	7.2%	8.0%	
Funding Change Over FY 2022-23 (in millions)	\$1.9	\$3.3	\$7.0	\$1.8	\$10.0	\$1.6	\$6.7	\$3.0	\$4.8	\$18.3	
Percent Change Over FY 2022-23	9.2%	8.2%	8.5%	9.9%	8.2%	9.1%	8.5%	9.8%	8.3%	7.6%	8.3%

Note: Dollar amounts reflect FY 2023-24 JBC action.

# Higher Education Funding Model: Ongoing Additional Funding

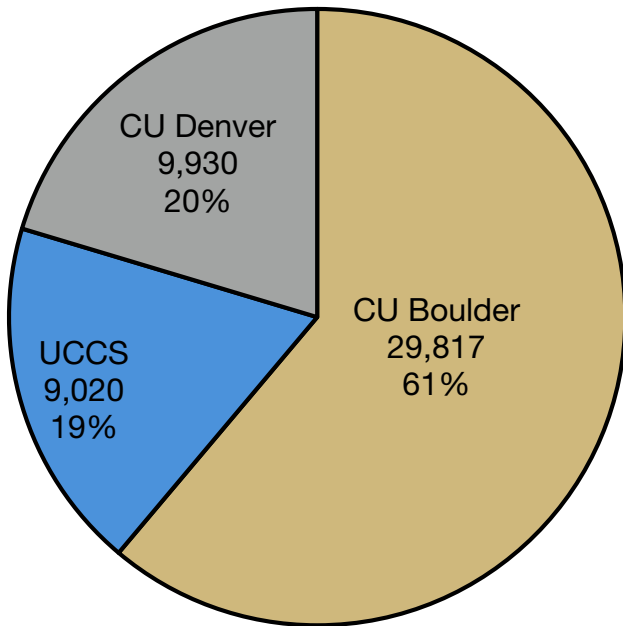
	CU Boulder	UCCS	CU Denver	Sub-Total	CU SEP (CU Anschutz)	Total
First Generation (SFTE)	1.0%	1.7%	6.0%	2.4%	3.3%	2.7%
First Generation (Headcount)	1.9%	1.9%	4.1%			
Race/Ethnicity distribution (Headcount)	2.0%	2.8%	3.1%			
Pell distribution (Headcount)	2.0%	2.9%	3.0%			
Race/Ethnicity Retention	2.5%	2.2%	2.5%			
Funding Change Over FY 2022-23	\$1.9	\$0.9	\$1.9	\$4.8	*\$2.6	\$7.4
Percent Change Over FY 2022-23	1.9%	2.3%	3.7%	2.4%	*3.3%	2.7%

\*SEP dollars and percentages are calculated based on statewide % increase.  
Note: Dollar amounts reflect FY 2023-24 JBC action.

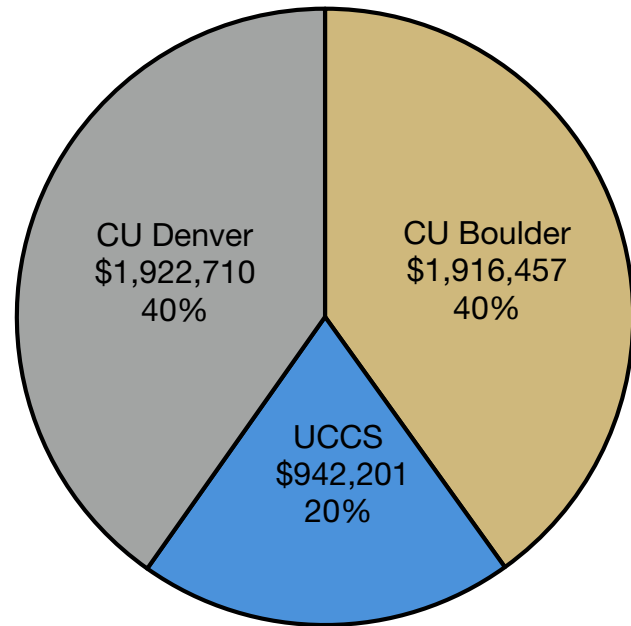
# Higher Education Funding Model: Ongoing Additional Funding

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## Undergraduate Enrollment



## Ongoing Additional Funding



Note: Fall 2022 undergraduate headcount enrollment; dollar amounts reflect FY 2023-24 JBC action.

# Higher Education Funding Model: Performance Based Funding

	CU Boulder	UCCS	CU Denver	Sub-Total	CU SEP (CU Anschutz)	Total
Resident Enrollment 10%	9.0%	7.4%	8.5%	8.5%	8.3%	8.5%
Credential Production 5%	7.9%	9.2%	9.4%			
Pell 20%	8.7%	8.2%	8.4%			
Race/Ethnicity 20%	8.6%	9.0%	8.0%			
Retention Rate 20%	8.6%	7.1%	9.6%			
Grad. Rate (100%) 10%	9.6%	5.1%	9.2%			
Grad Rate (150%) 10%	9.2%	7.5%	8.0%			
1st Generation 5%	8.0%	8.0%	10.0%			
Funding Change Over FY 2022-23	\$9.0	\$3.2	\$4.5	\$16.7	*\$7.6	\$24.3
Percent Change Over FY 2022-23	8.8%	7.7%	8.7%	8.5%	*8.3%	8.5%

\*SEP dollars and percentages are calculated based on statewide % increase.  
 Note: Dollar amounts reflect FY 2023-24 JBC action.



# CU Denver Internal Campus Budget Model

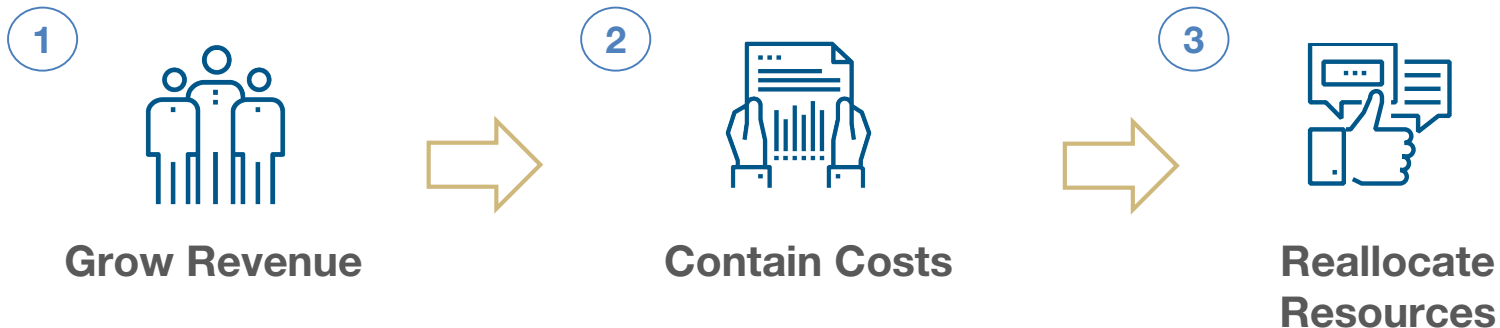


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# CU Denver: Campus Budget Model

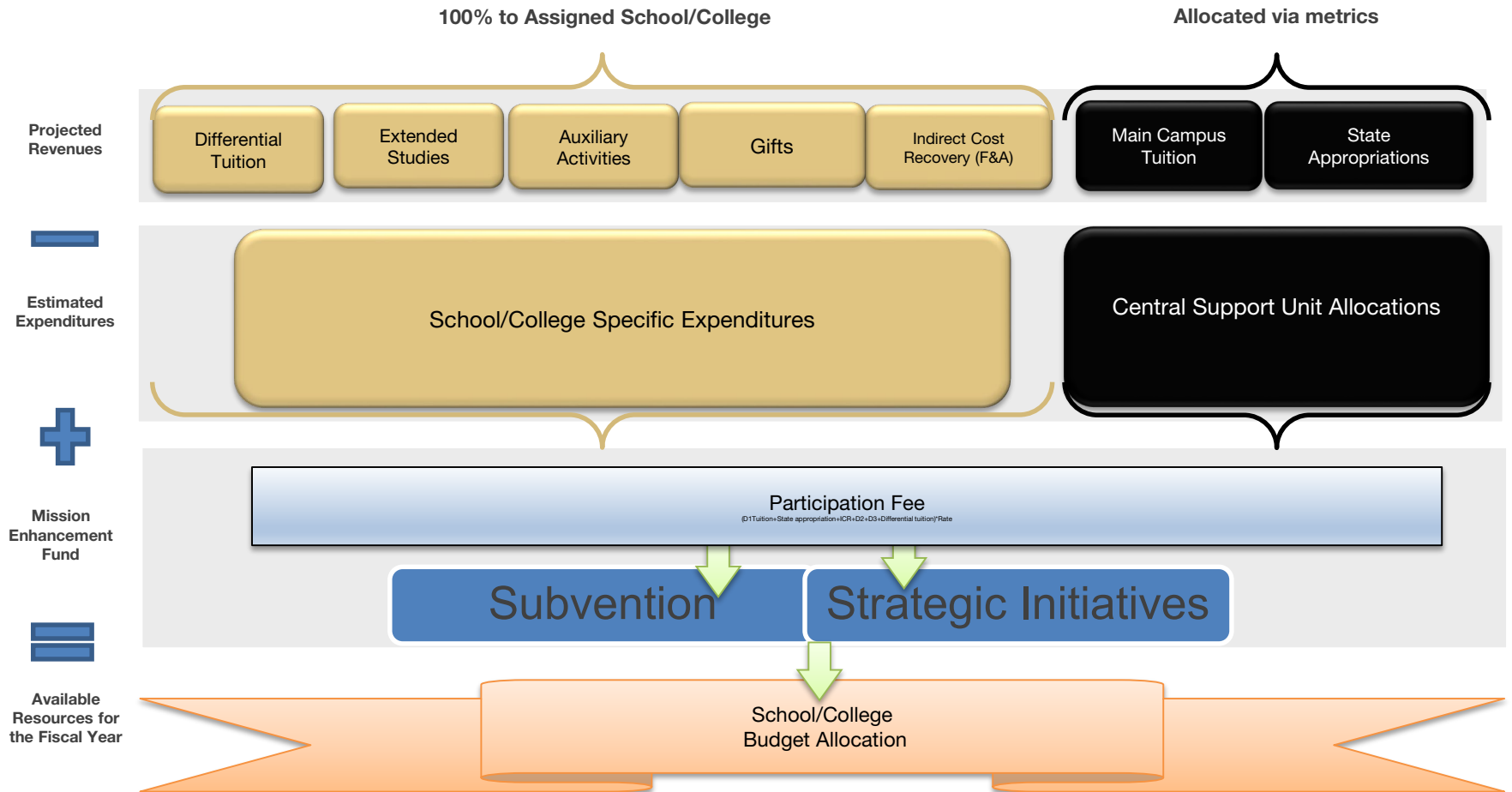
- New incentive-based budget model adopted in FY 2017-18
  - Model temporarily suspended beginning FY 2023-24
  - Strategic Realignment of Resources project underway
- Original model:
  - Aligns campus investments and resources with strategic priorities
  - Incentivizes activities that drive both student and financial success
  - Uses common and easily available data sources
  - Promotes fiscal year planning and utilization of all funding sources
  - Rewards growing revenues, reallocates resources, and better contains costs



# CU Denver: How Budget Model Results in Reallocation

Provides incentives to take advantage of new markets and opportunities for growth in revenue including enrollment, research and donations.

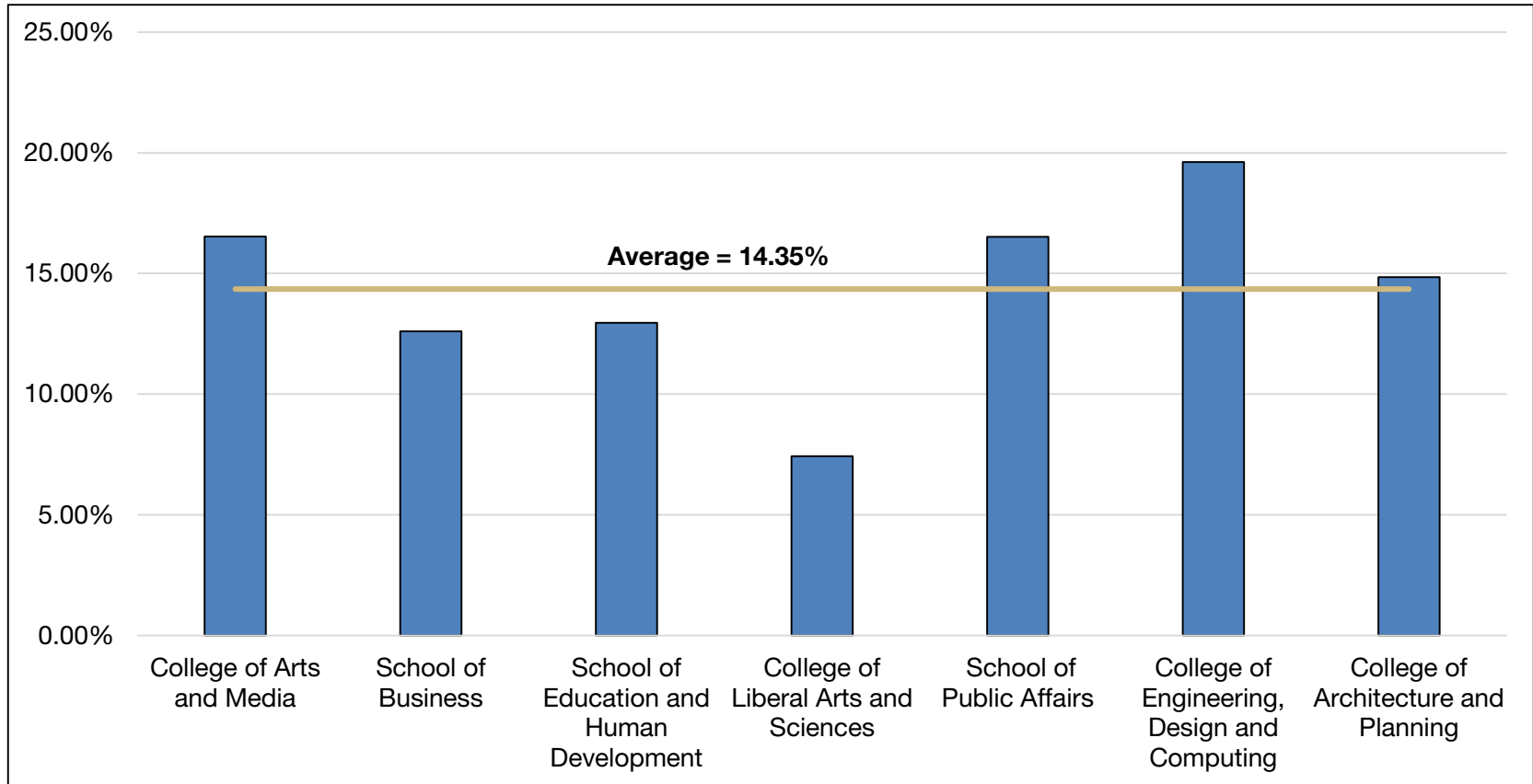
**Increased activity levels = Increased funding      Decreased activity levels = Decreased funding**



# CU Denver: Outcomes from the Budget Model

## Change in Allocations – FY 2017-18 to FY 2022-23

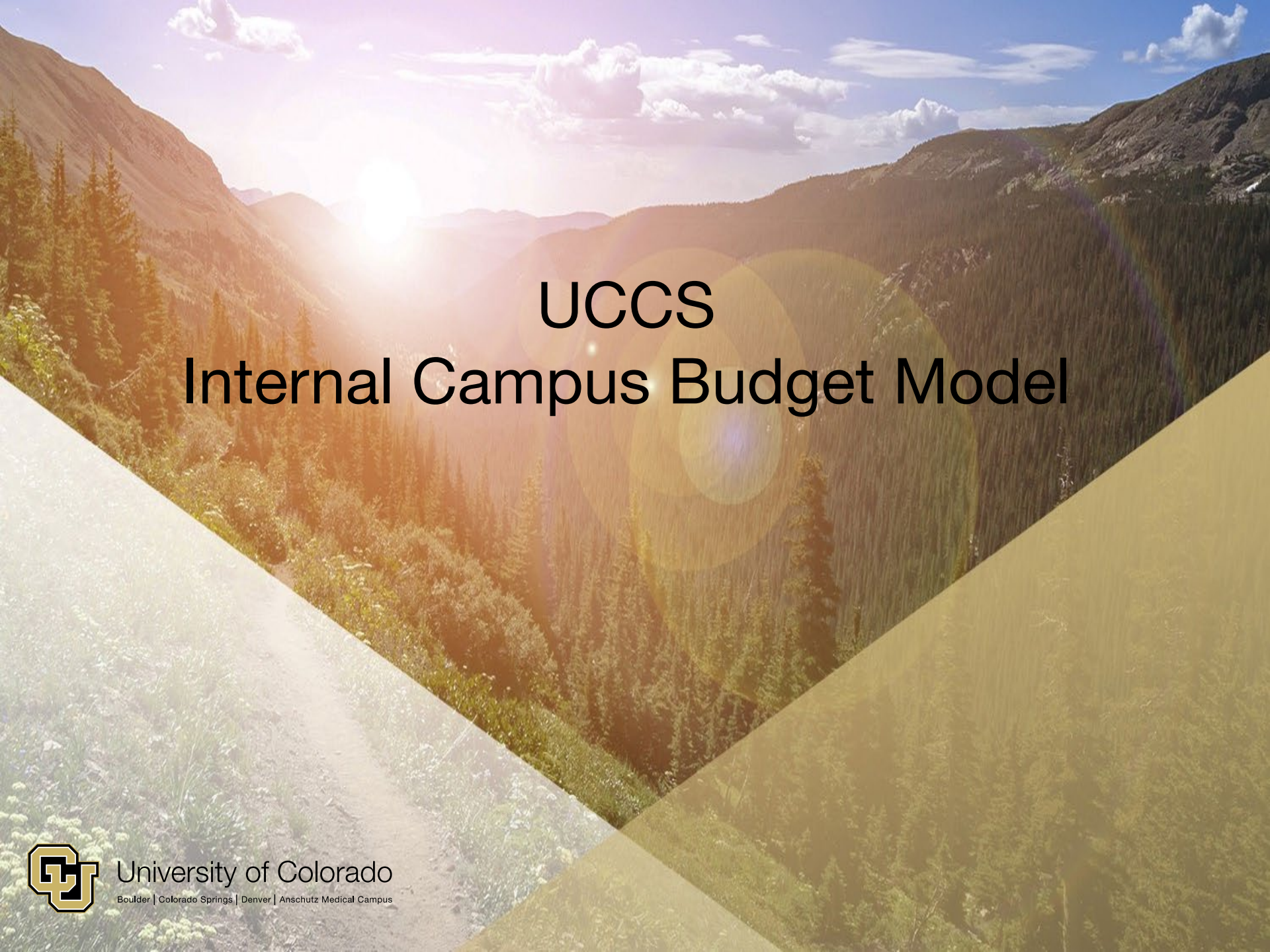
Enrollment trends drive changes in the campus budget allocation.



“The budget model has driven us to look at the financial performance and viability of all of our programs.”  
–Dean of Engineering

“The new budget model allows us to be ‘early’ entrepreneurs to address opportunities and challenges with our academic suite of programs and ultimately rewarding us for program efficiency and effectiveness.”  
–Dean of School of Education





# UCCS

## Internal Campus Budget Model

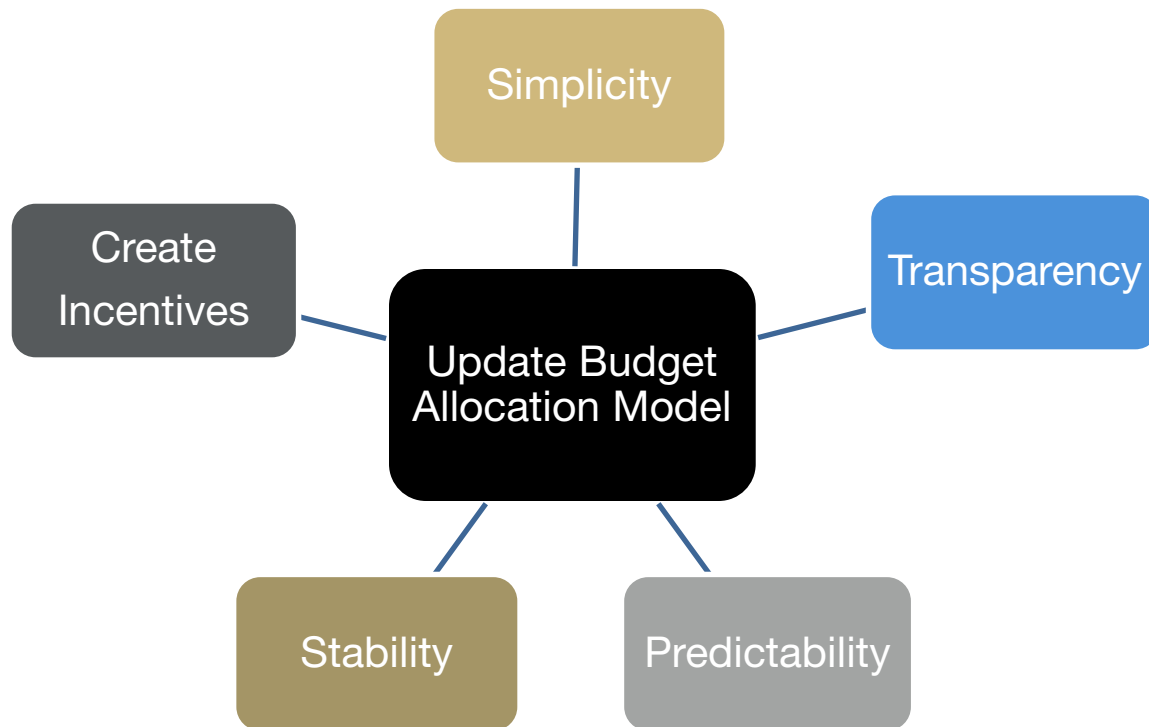


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# UCCS: Campus Budget Model Re-Design

- Parallel budget models in place for FY 2022-23
- Campus determined additional study of new model needed
- Re-Design Task Force began work in November 2022 to:
  - Consider pain points and campus feedback
  - Make improvements to incentive-based budget model
- Campus feedback dictated the model prioritize:

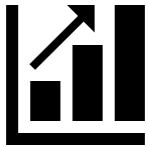


# UCCS: Campus Budget Model Re-Design

## *Preserves Goals of Original Budget Model*



- Increases understanding of financial health of the campus and college activity
- Increases shared governance participation in budget decision-making
- Increases budget transparency



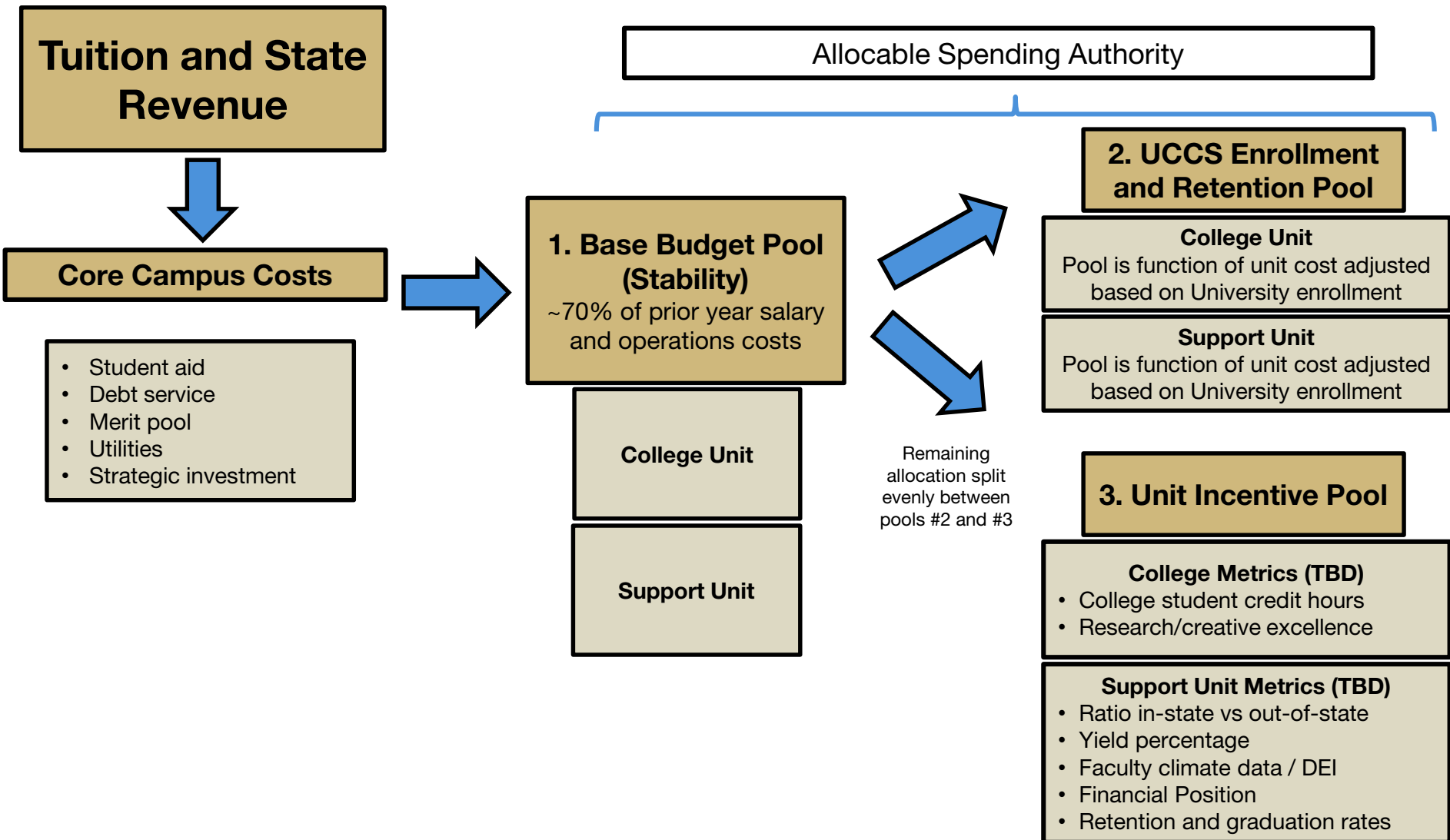
- Rewards increased enrollment, retention and academic progress
- Rewards increased research
- Rewards entrepreneurial efforts and collaboration
- Rewards cost control and resource reallocation



- Aligns metrics with strategic goal success metrics

# UCCS: Campus Budget Draft Model Re-Design

## *Three Pool Model*





# CU Boulder Internal Campus Budget Model



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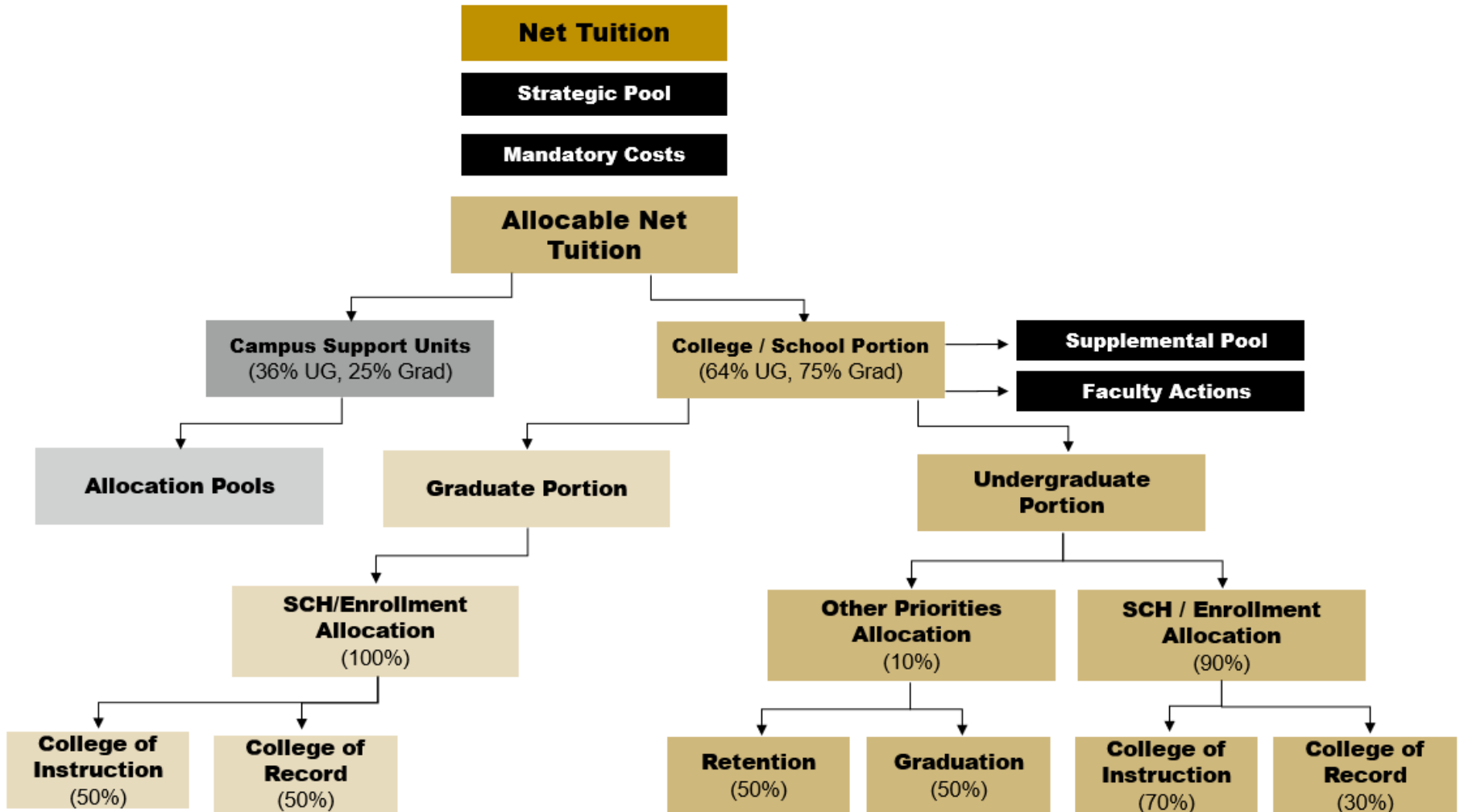
# CU Boulder: Campus Budget Model

- Budget model redesign project launched in December 2020
- Throughout FY 2020-21 and FY 2021-22, students, faculty and staff invited to engage in opportunities to learn about budget model redesign:
  - stakeholder meetings
  - listening sessions
  - open forum presentations
- Following campus engagement, design phase completed
- Hold harmless implementation began July 2022 for FY 2022-23



# CU Boulder: Campus Flow of Funds

The Boulder budget model starts with net tuition revenue, which is distributed using formulaic allocations.



# CU Boulder: Anticipated Budget Model Outcomes

The guiding principles of the model were designed to ensure that it supports the critical priorities of the campus. These principles were used throughout the decision-making process, to maintain alignment with core values and goals.

## CU Boulder's budget model should:

Reflect and execute the university's mission and priorities

Be understandable, easy to manage, logical and transparent

Promote and reward performance, success, and innovation

Foster trust and responsibility around decision making

Provide predictable funding to support our ability to be strategic in our planning



# CU Anschutz Internal Campus Budget Model



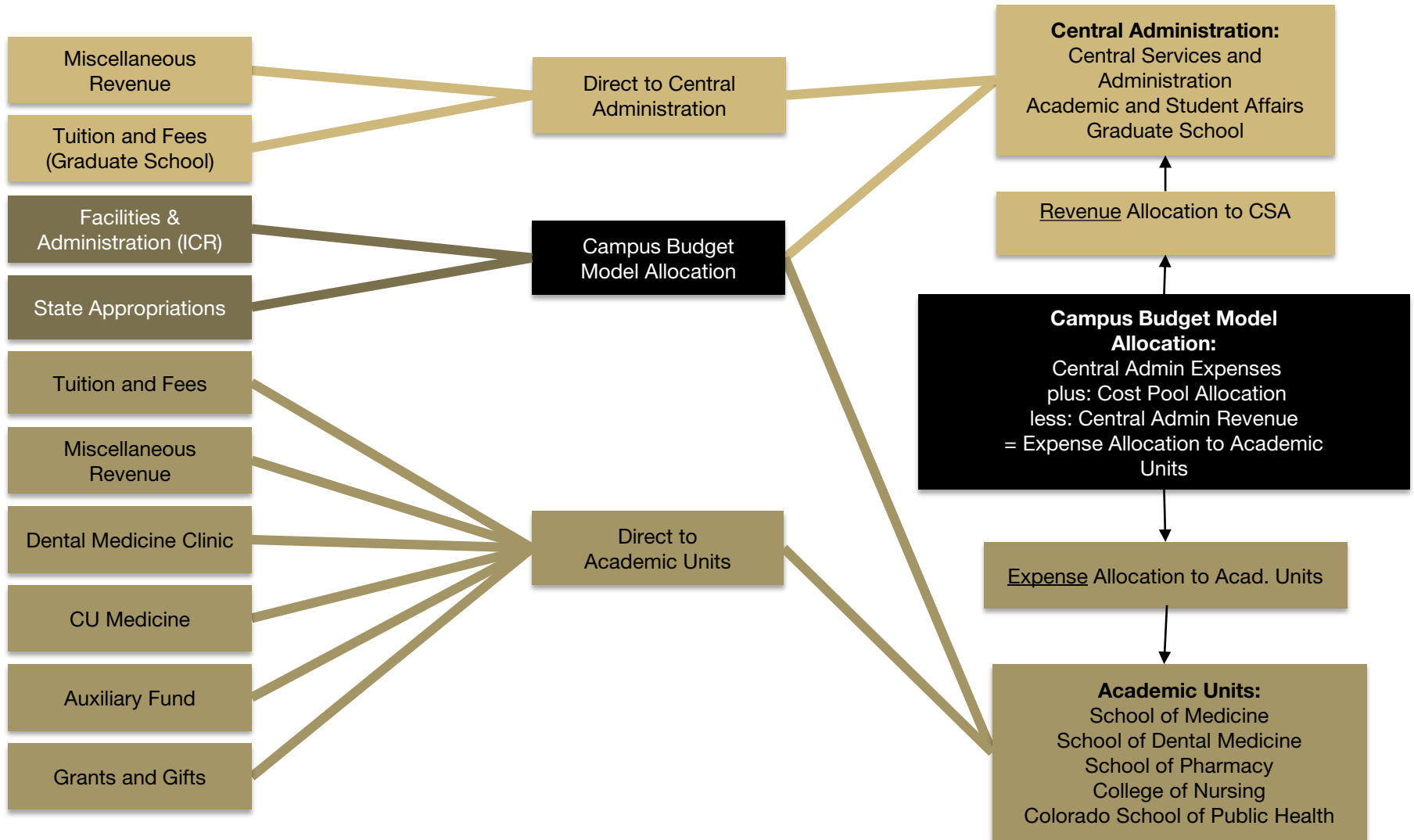
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# CU Anschutz: Campus Budget Model

- The campus utilizes a budget model and financial framework referred to as “every tub on their own bottom”
  - Revenues generated by schools and colleges flow directly to them
    - Incremental State Appropriations allocated to schools and central administration through the campus budget model
  - Central administration expenses (net of centrally derived revenues, state appropriations and F&A) allocated via metrics to the schools through the campus budget model
- Entrepreneurial in nature
  - Schools have greater control and responsibility over own budgets
  - Encourages development of new revenue streams, efficiencies, and prioritization of resources
  - Every academic unit should be self sufficient

# CU Anschutz: Campus Funds Flow (Budget Model)



# Appendix



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# Colorado Higher Education Funding Formula History

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## **SB 04-189 – College Opportunity Fund (FY 2004-05 thru FY 2011-12)**

- Created COF stipend and fee-for-service contracts (enterprise status)

## **SB 11-052 – Goals for Higher Education System (FY 2012-13 thru FY 2014-15)**

- Performance-based funding allocation if state funding restored to specified level

## **HB 14-1319 – Outcomes-based Funding Model (FY 2015-16 thru FY 2020-21)**

- Fee-for-service funding = role and mission funding + performance funding
  - Primarily tied to volume
- “Specialty Education Programs” funding (for CU Anschutz) = no less than statewide average change

## **HB 20-1366 – Higher Education Funding Allocation Model (FY 2021-22 thru FY 2025-26)**

- Current funding model
  - Used internally to allocate state dollars to CU campuses