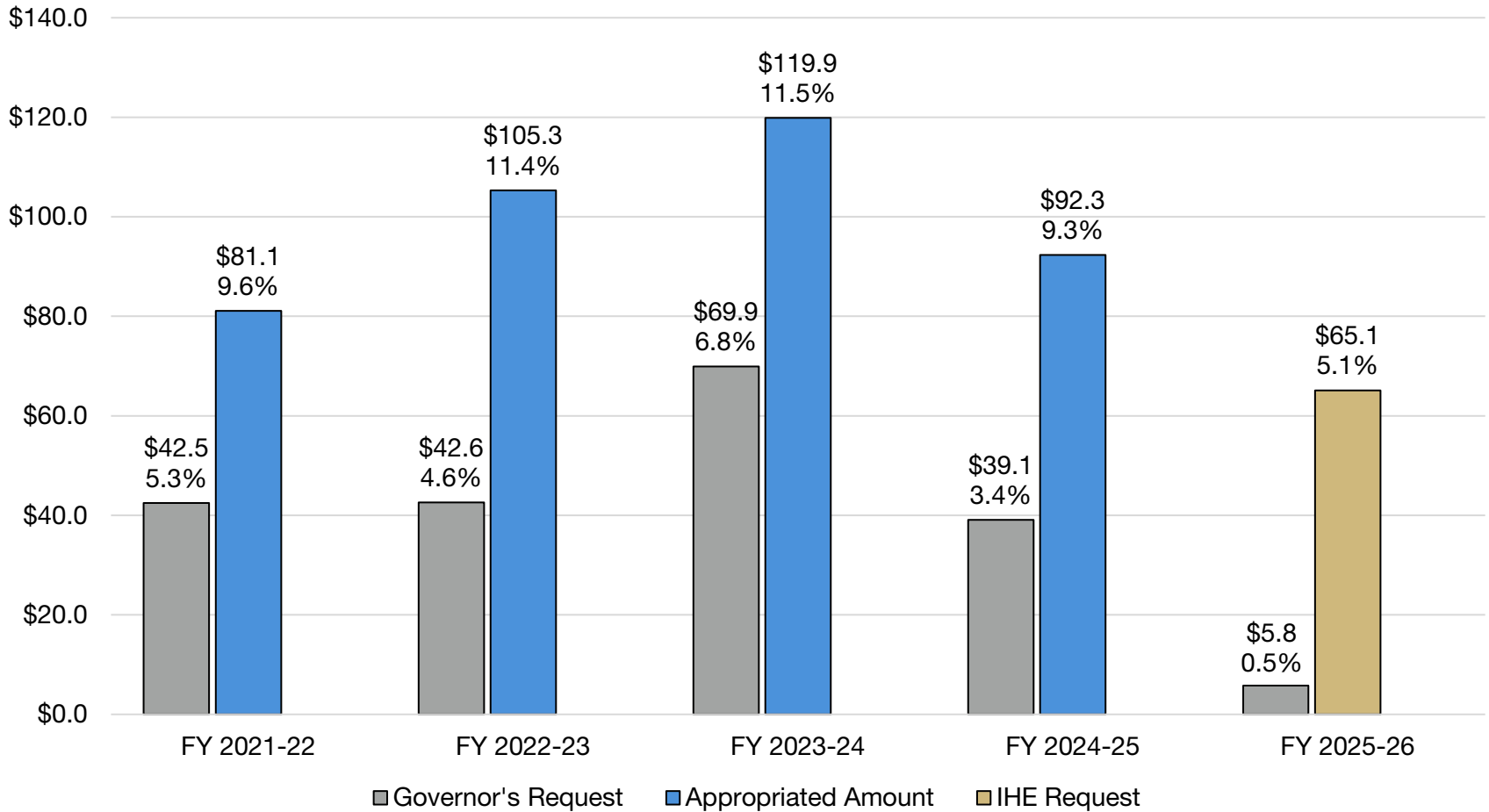




**Budget Model Update:  
Allocation of State Funding and  
Internal Campus Budget Models  
Regent Finance Committee  
January 30, 2025**

# Governor's Budget Request vs. Appropriated Amount (FY 2021-22 to FY 2025-26)

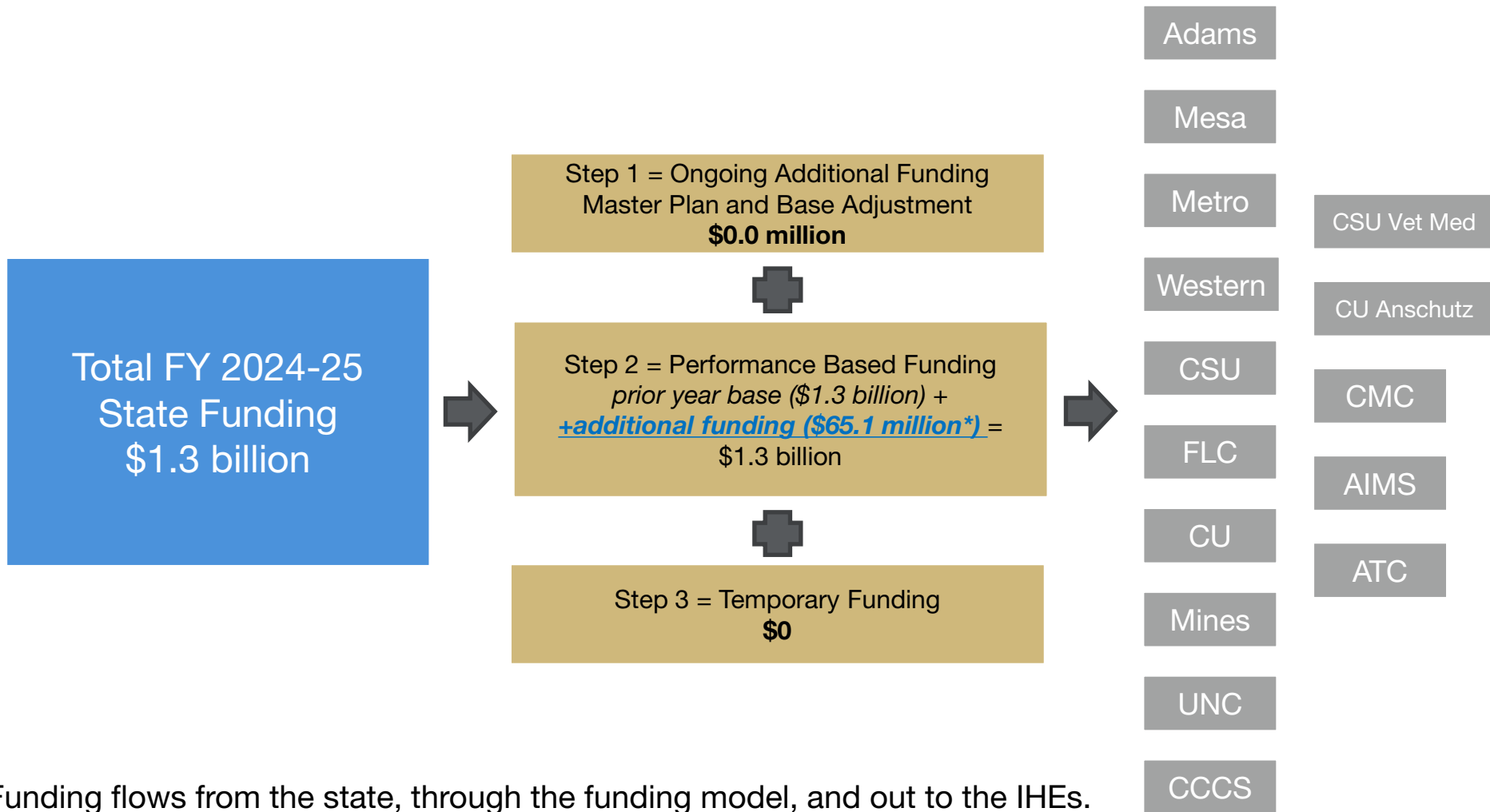


# How Are State Dollars Allocated through the Higher Education Funding Model for all Higher Education Institutions?

- Appropriation based on:
  - Step 1 = Ongoing additional dollars
  - Step 2 = Performance-based funding, (Annual Base Core Minimum Costs)
  - Step 3= Temporary additional dollars
    - Never used
- Specialty Fee-For-Service contracts
  - Funding for CU Anschutz Medical School

*Note: The Department of Higher Education and the Colorado Commission on Higher Education is currently undergoing a funding formula review.*

# Higher Education Funding Model – December 2024 Institutions of Higher Education Request



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

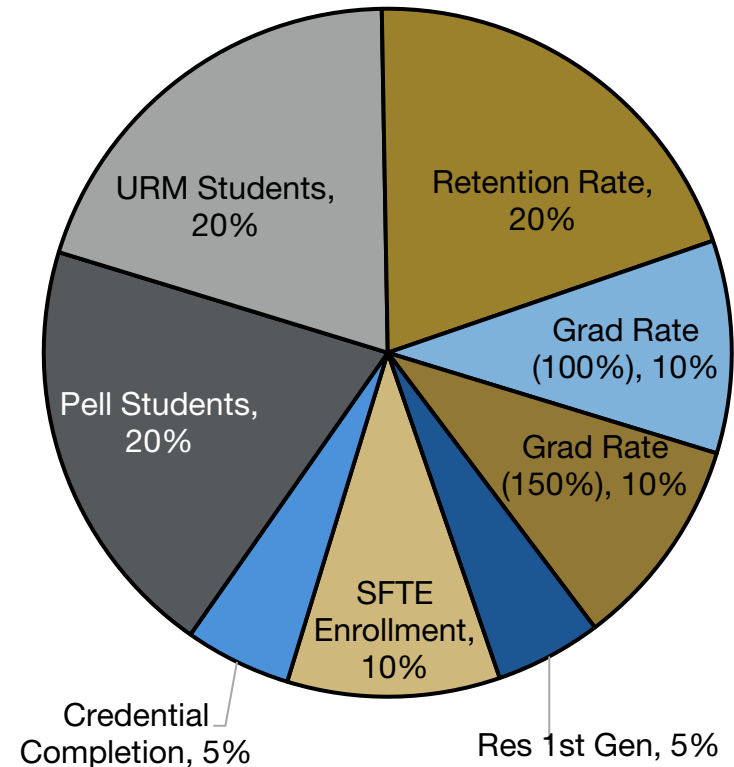
\*Assumes tuition around CPI – September LCS forecast – to be updated based on final 2024 CPI.

Note: FY 2024-25 dollar amounts reflect FY 2024-25 JBC action.

# Step 2 = Performance Based Funding

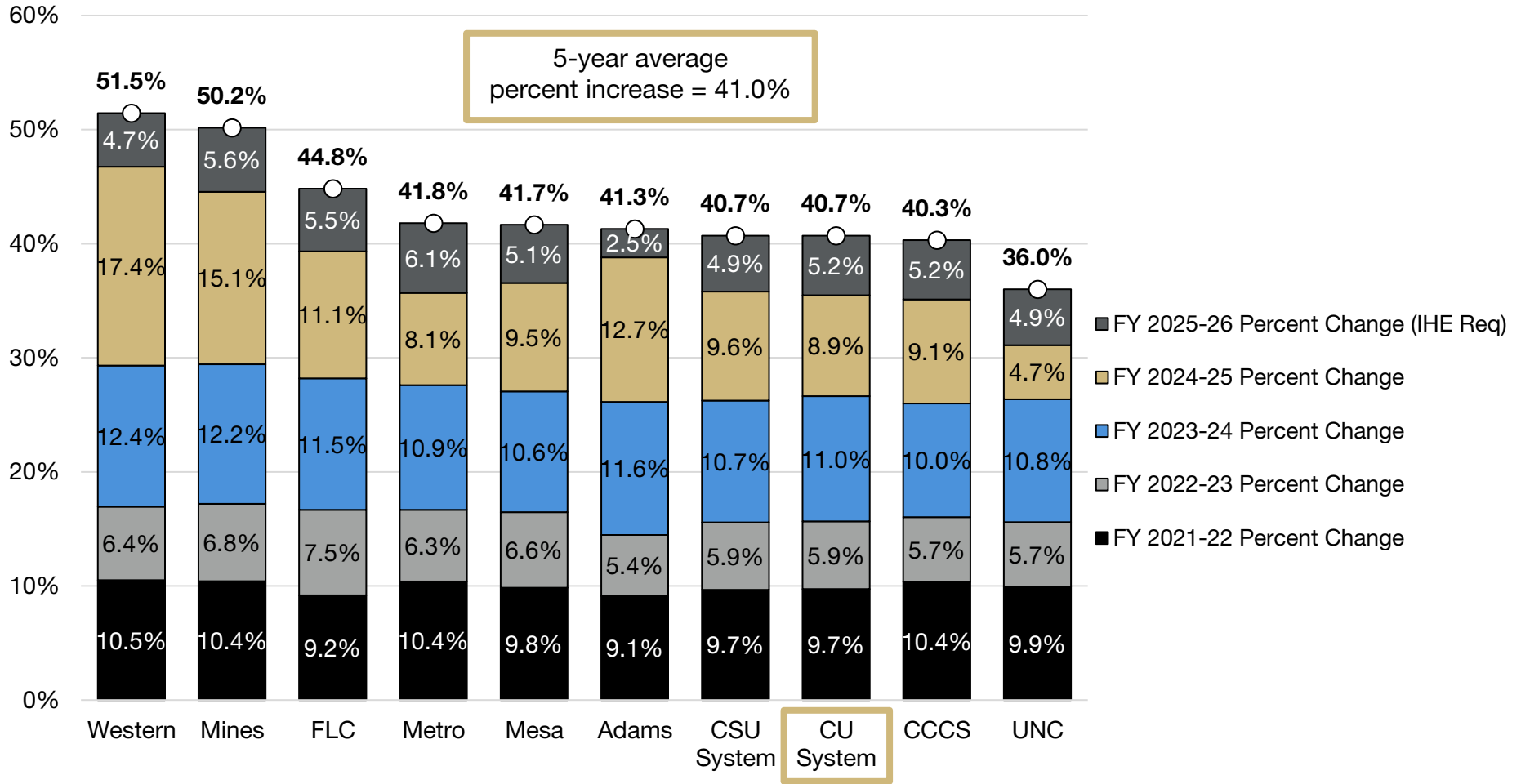
- Performance funding, core of the model
- Allocates 100% of prior year base through performance metrics
- Measures each governing board's performance over time against itself
- Annual changes have compounding effect over time

Share	FY 2025-26 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



# Step 2 = Performance Based Funding

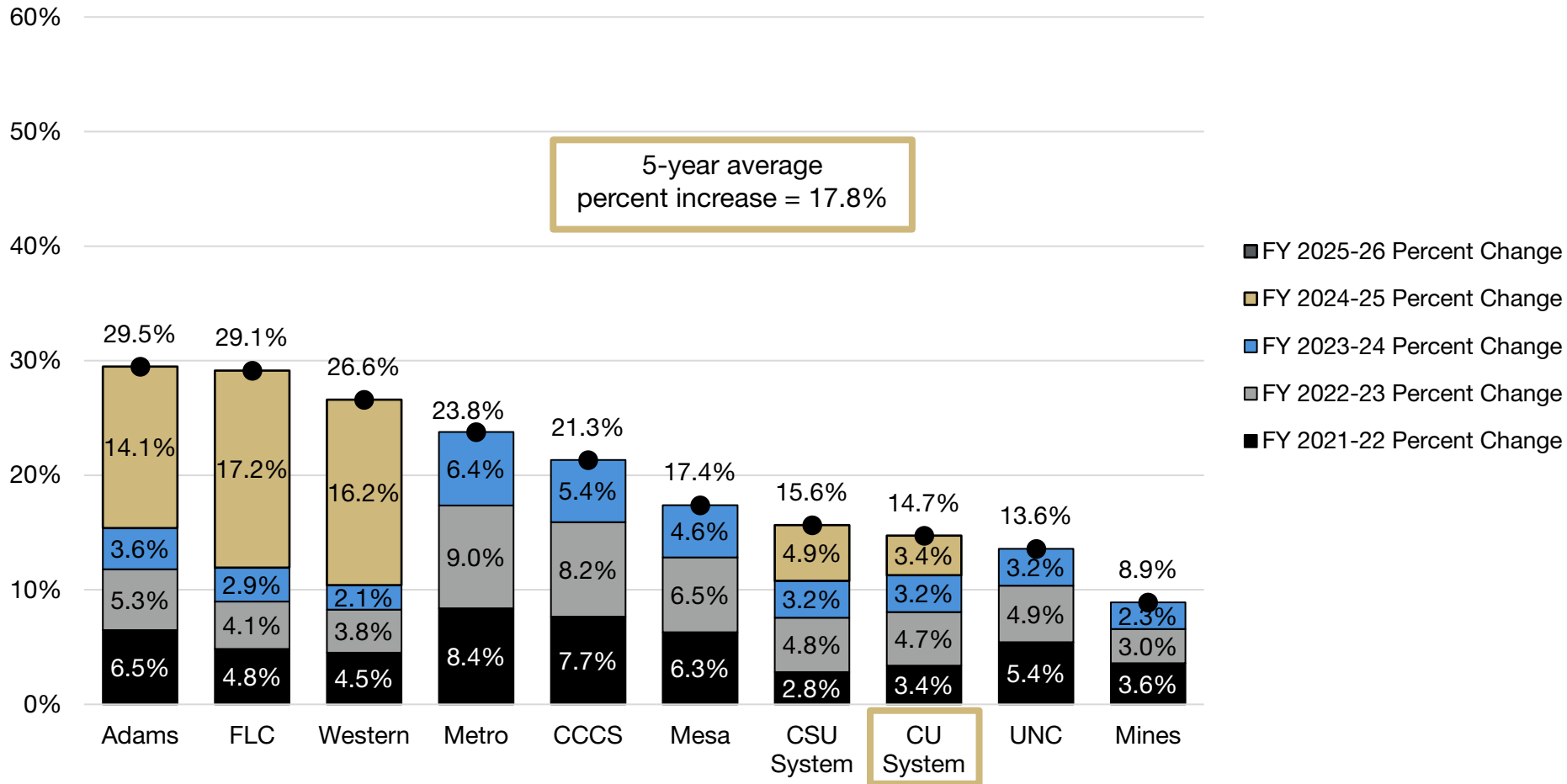
Five-Year Percent Increase by Governing Board, FY 2021-22 thru FY 2025-26



Note: Amounts reflect FY 2025-26 IHE Letter to Joint Budget Committee (12-6-2024).

# Step 1 = Master Plan and Base Adjustment

Five-Year Percent Increase by Governing Board, FY 2021-22 thru FY 2025-26



Notes:

1. CSU Vet Med and CU Anschutz included in CSU and CU System totals.
2. In FY 2021-22, CSU Vet Med and CU Anschutz did not receive Step 1 funding.
3. In FY 2024-25, Adams, FLC, and Western received step 1 rural funding. CSU Vet Med and CU Anschutz received the statewide funding increase.
4. FY 2025-26 amounts reflect FY 2025-26 IHE Letter to Joint Budget Committee (12-6-2024), which includes no step 1 funding.

# Step 2 = Performance Based Funding (Governing Boards only)

	Adams	Mesa	Metro	Western	CSU	FLC	CU	Mines	UNC	CCCS	Total
Resident Enrollment 10%	6.7%	5.7%	3.1%	5.7%	4.5%	6.8%	4.3%	5.9%	2.0%	7.0%	5.1%
Credential Production 5%	6.7%	11.6%	3.5%	4.7%	5.5%	3.3%	4.7%	7.1%	1.7%	5.4%	
Pell 20%	-2.7%	4.6%	8.1%	-0.4%	6.4%	5.3%	6.1%	5.6%	6.2%	3.7%	
Race/Ethnicity 20%	1.3%	4.1%	4.7%	8.5%	4.8%	5.6%	5.0%	7.7%	6.9%	5.1%	
Retention Rate 20%	3.0%	4.7%	7.6%	4.5%	4.3%	5.2%	4.8%	4.6%	5.4%	5.3%	
Grad. Rate (100%) 10%	-0.3%	4.8%	8.5%	5.1%	4.1%	5.8%	6.0%	3.5%	4.8%	4.6%	
Grad Rate (150%) 10%	4.3%	6.2%	4.3%	5.9%	4.4%	5.6%	5.1%	3.7%	4.4%	6.0%	
1st Generation 5%	14.5%	3.0%	5.0%	5.7%	4.5%	6.2%	4.4%	8.0%	0.9%	6.1%	
Funding Change Over FY 2024-25 (in millions)	\$0.7	\$2.5	\$6.2	\$1.2	\$7.2	\$1.3	\$12.2	\$2.1	\$3.4	\$15.1	\$51.9
Percent Change Over FY 2024-25	2.5%	5.1%	6.1%	4.7%	4.9%	5.5%	5.2%	5.6%	4.9%	5.2%	5.1%

Note: Amounts reflect FY 2025-26 IHE Letter to Joint Budget Committee (12-6-2024).

CU Anschutz statutory designation as SEP results in no less than the average in Step 2, \$5.6 million (5.1%) not reflected in this table.



# Step 2 = Performance Based Funding (Internal CU Allocation)

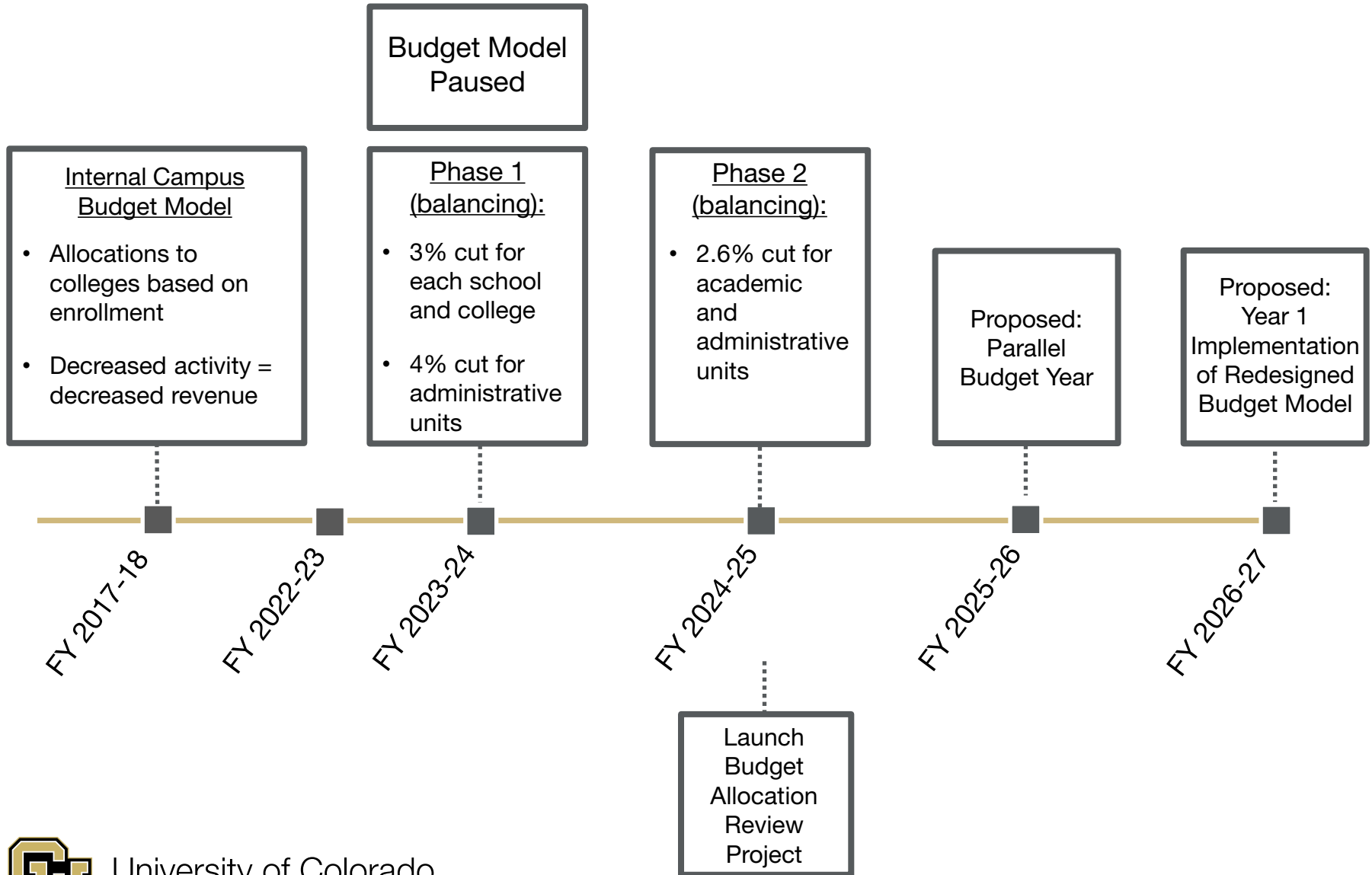
	CU Boulder	UCCS	CU Denver	CU Sub-Total	CU SEP* (CU Anschutz)	CU Total
Resident Enrollment 10%	5.5%	7.7%	2.6%	5.2%	5.1%	5.2%
Credential Production 5%	4.7%	7.6%	4.4%			
Pell 20%	4.4%	5.3%	6.8%			
Race/Ethnicity 20%	5.1%	3.4%	6.8%			
Retention Rate 20%	5.7%	4.6%	4.6%			
Grad. Rate (100%) 10%	3.9%	6.1%	7.1%			
Grad Rate (150%) 10%	4.9%	5.4%	5.6%			
1st Generation 5%	6.6%	2.9%	4.2%			
Funding Change Over FY 2024-25	\$6.3	\$2.5	\$3.5	\$12.2	\$5.6	\$17.8
Percent Change Over FY 2024-25	5.0%	5.1%	5.6%	5.2%	5.1%	5.2%

\*SEP dollars and percentages are calculated based on statewide % increase.  
 Note: Amounts reflect FY 2025-26 IHE Letter to Joint Budget Committee (12-6-2024).

# CU Denver



# CU Denver: Campus Budget Model



# CU Denver: Campus Budget Model Paused

- Model paused FY 2023-24
  - Incentive-based model resulted in non-viable allocations due to declining enrollment
- Campus balanced budget through strategic realignment of resources:  
Phase 1 (FY 2023-24) and Phase 2 (FY 2024-25)
  - Retirement incentives
  - Eliminate or hold open vacant positions
  - Staff reorganizations
  - Resource realignment and reductions to operating budgets
- Savings from strategic realignment of resources will also be used to balance FY 2025-26 budget

# CU Denver: Redesigning Campus Budget Model

- August 2024: Launched Budget Allocation Review Committee (BARC)
  - 15 members: Faculty, staff, and students
    - Represent all areas of campus and levels of leadership
  - Collaborative process to engage campus community
  - Recommendations will be made to new Chancellor Spring 2025
- Top priorities are to stabilize enrollment and revenue and realign base budgets
  - Strategic Enrollment partnering with deans on Fall 2025 enrollment planning
    - Targeted marketing spend and outreach
    - Work with international partners in anticipation of visa challenges



# CU Denver: Budget Balancing Strategies

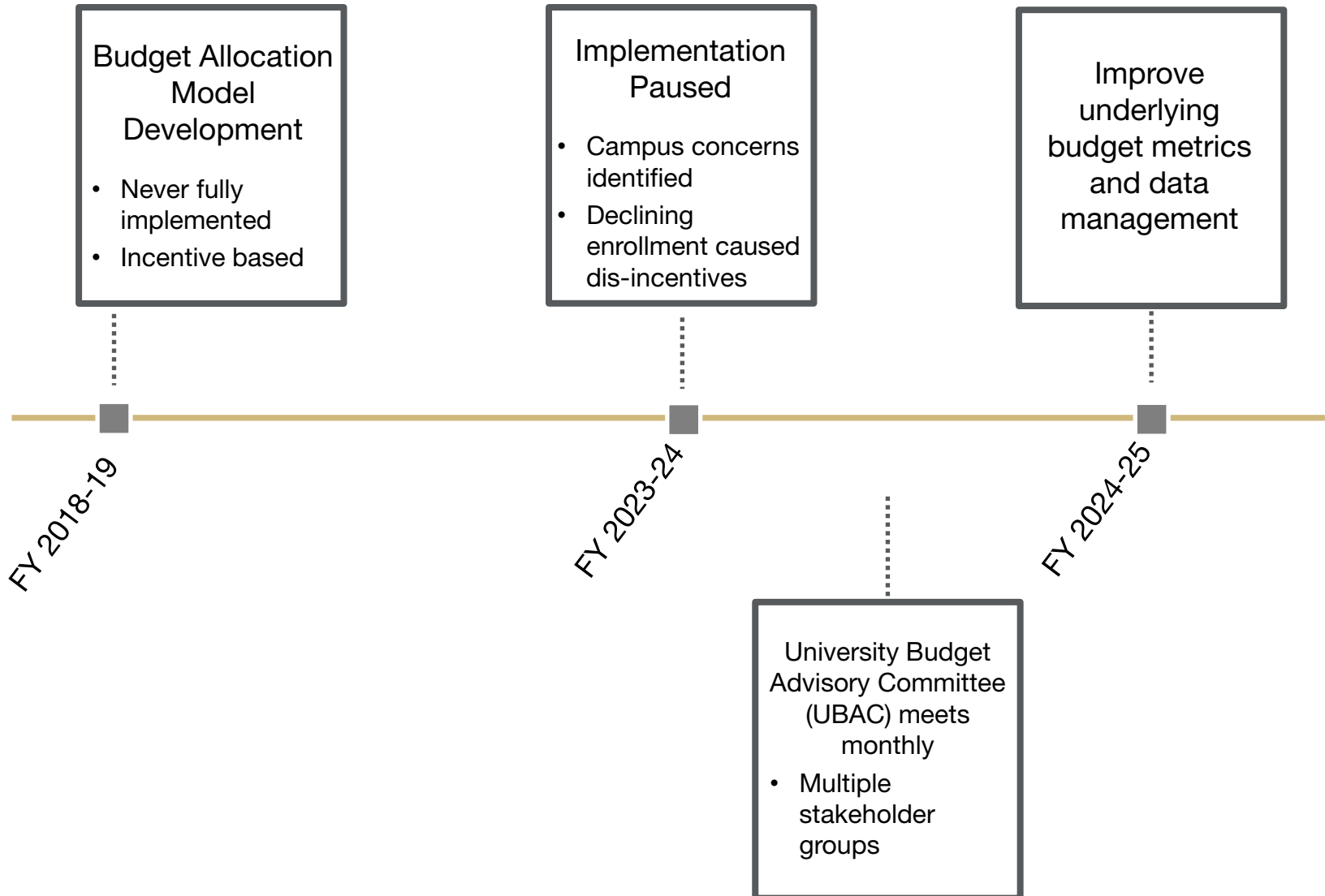
- Estimated \$5.0 million in ongoing savings resulting from retirement incentive program offered in FY 2022-23 and FY 2023-24
- Prioritizing student retention by maintaining investments in areas including communication strategies to advance academic progress, the Academic Recovery Program, and student Success Coaching
- Engaging campus community in Financial Foresight sessions
  - Vetting and refining budget reduction items with campus and shared governance leadership, ensuring alignment with campus priorities
  - Initial proposals fall into following categories:
    - Continued process improvements and position reduction efficiencies
    - Structural and role modifications to balance workload demands while improving service
    - Campus-wide operating cost reductions opportunities, such as eliminating software duplication, resetting environmental controls, and updating computer refresh cycles



UCCS



# UCCS: Campus Budget Model





# UCCS: Previous Efforts, Budget Model Redesign

- Budget model redesign started and paused several times since FY 2018-19
- Most recent decision to pause model (Fall 2023) due to:
  - Need time to stabilize budget and address declining/flat enrollment
    - Incentive model allocations do not always work well with declining/flat enrollment
    - Campus priority is growing enrollment and revenue
  - Data management concerns
    - Campus developing consistent and transparent processes among campus units to create trust in underlying data used in budgeting
- Rather than redesigning budget model – campus prioritizing improved data management and replacing legacy budget processes
  - Purchasing new budget software for spring/summer 2025 implementation
    - Leveraging Boulder and Anschutz successes with new budget software

# UCCS: Current and Future Efforts

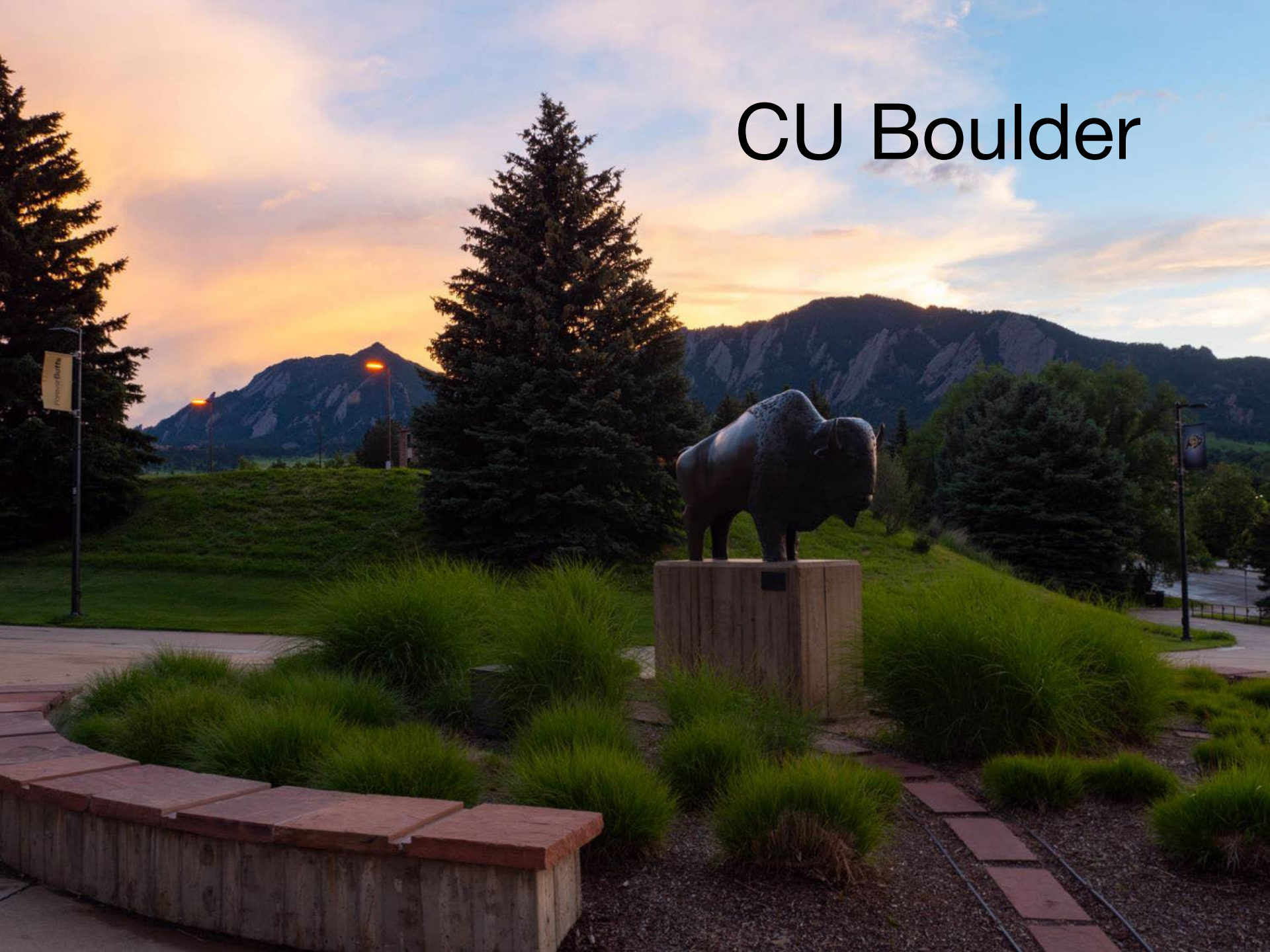
- Since Fall 2023, campus prioritizing budget transparency learning opportunities
  - Monthly University Budget Advisory Committee (UBAC) meetings
    - Participation from cabinet, deans, and shared governance leaders
    - Monthly Budget 101 trainings
    - Deans participate in cabinet meetings to discuss budget
  - Result of above efforts: Increased budget transparency and increased campus stakeholder satisfaction with budget process
    - UBAC provided consultative feedback on planned FY 2024-25 merit
- Once new budget software is implemented and enrollment stabilizes, campus will evaluate new budget models



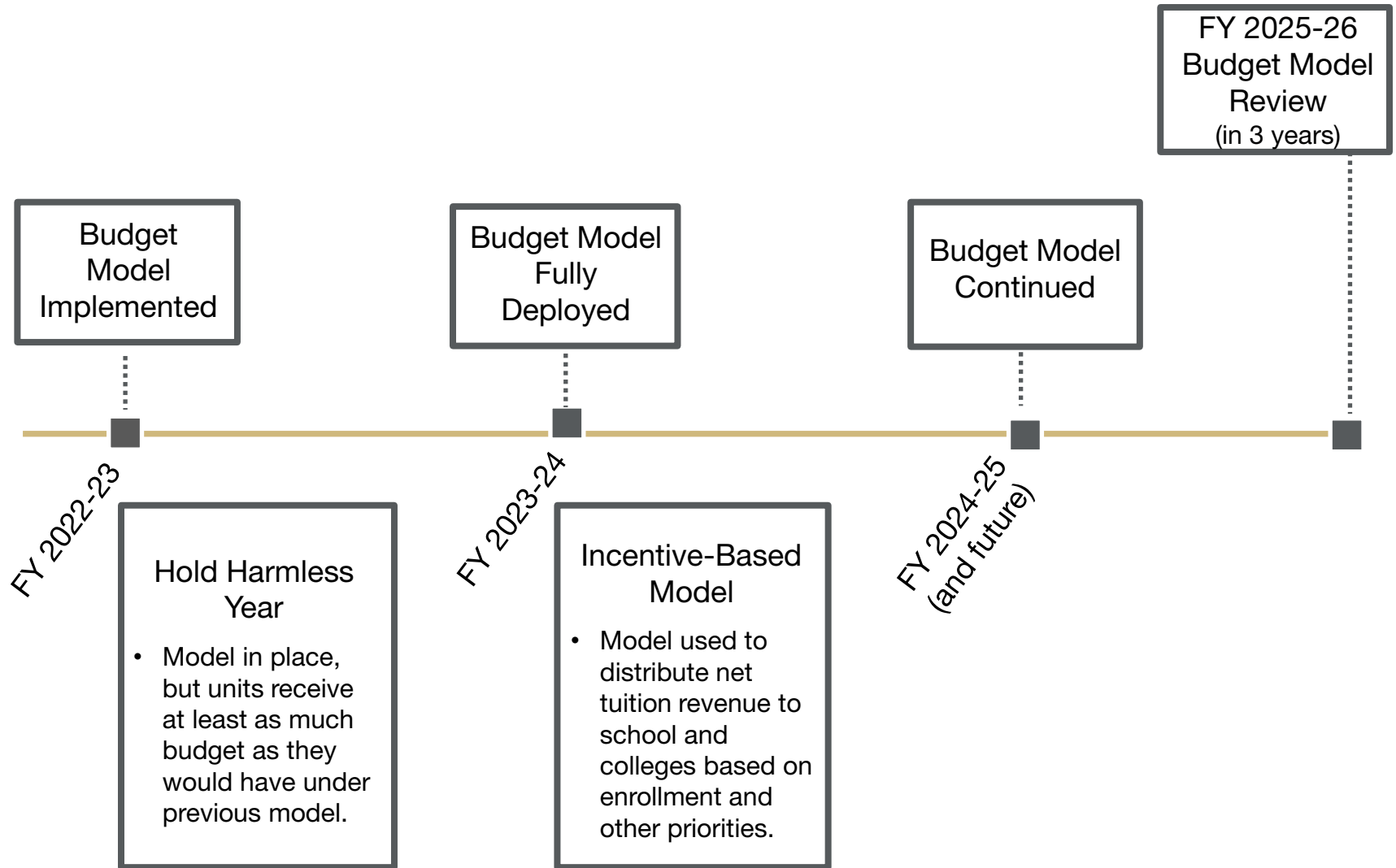
# UCCS: FY 2025-26 Budget Balancing Strategies

- Completing comprehensive review of campus-level needs and priorities, as well as review by divisions and colleges
  - Multi-year approach with involvement of shared governance and campus stakeholder groups to realign resources
- Studying different methodologies to strategically allocate budget reductions with as little impact to mission as possible
  - To balance FY 2025-26 budget, UCCS will allocate between \$6.0 and \$9.0 million in reductions across the campus. These reductions could include:
    - Further operating reductions
    - Eliminating vacant and filled positions
    - Combining positions and eliminating filled staff and faculty lines as needed to balance revenues and expenses

# CU Boulder

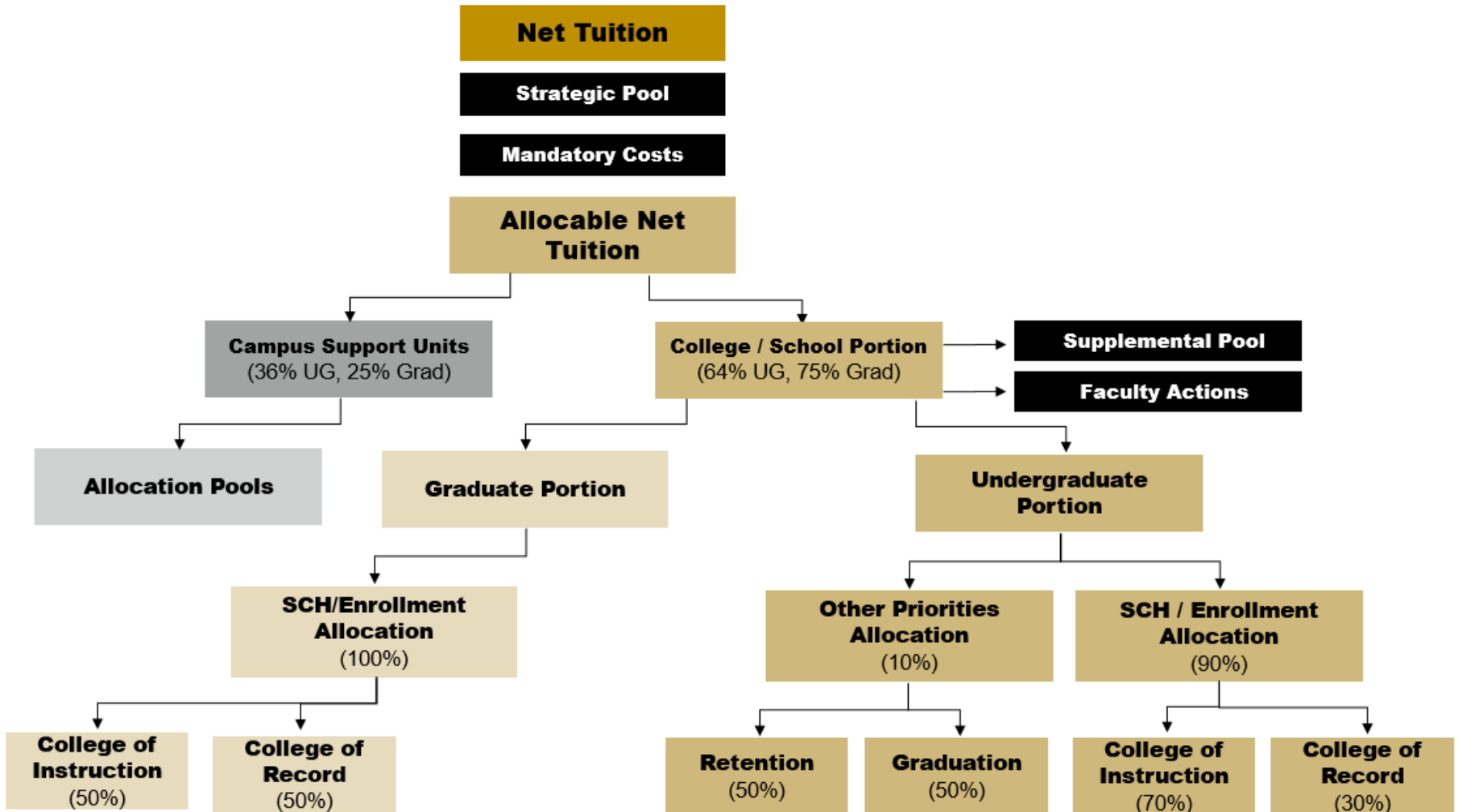


# CU Boulder: Campus Budget Model



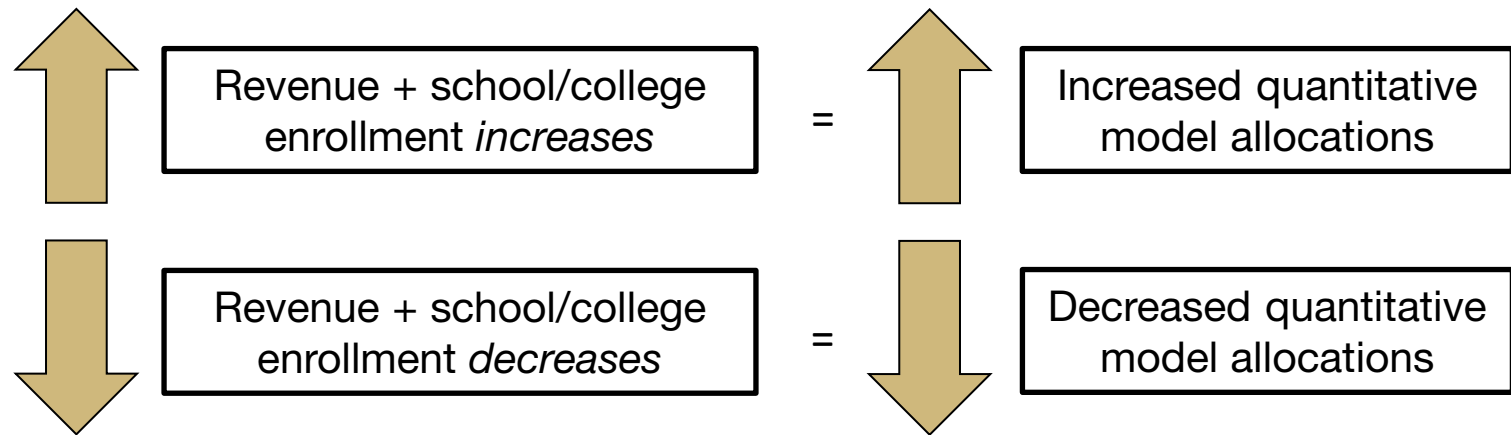
# CU Boulder: Campus Budget Model Illustration

Initially implemented in FY 2022-23, CU Boulder's budget model is used for the annual campus budgeting process and is designed to be reviewed in 3 years to ensure model effectiveness.



# CU Boulder: Campus Budget Model (Cont.)

- Throughout the creation of the new budget model, the campus ensured that the model supports the university's mission-aligned priorities and values
- Funding from FY 2024-25 enrollment growth was allocated through the model, supporting campus priorities such as compensation increases and staffing for areas of growth
- In the event of revenue changes, the budget model flows funds in alignment with student enrollment



- Campus leadership can use qualitative funding mechanisms within the budget model to allocate revenue in support of mission critical needs

# CU Boulder: Campus Budget Model Implementation

## FY 2022-23 – FY 2024-25

- All net tuition revenue flows through the budget model based on the allocations designed by the CU Boulder model governance structure
- Quantitative outputs are driven by inputs for student credit hours, headcount, graduation and retention
- Changes to the annual allocation are in line with SCH / enrollment and other changes to the inputs noted above

### Year-Over-Year Changes to Budget Model Allocation

School/College	FY 2022-23 to FY 2023-24	FY 2023-24 to FY 2024-25
College of Arts & Sciences	5.6%	5.4%
Leeds School of Business	2.4%	5.0%
School of Education	0.1%	0.9%
College of Engineering and Applied Sciences	7.2%	2.4%
College of Media, Communication and Information	6.5%	8.3%
Colorado Law	2.4%	1.3%
College of Music	8.5%	3.9%
Environmental Design	8.7%	6.8%



# CU Anschutz Medical Campus



# CU Anschutz: Campus Budget Model

- The campus utilizes a de-centralized budget model and financial framework
- Revenues generated by schools and colleges flow directly to them
- The budget model allocates, using metrics:
  - Incremental state appropriations to schools and central administration
  - Central administration expenses, net of centrally derived revenues, state appropriations and F&A (indirect cost recoveries), to academic units
- Entrepreneurial in nature
  - Direct flow of revenues to academic units encourages development of new revenue streams, efficiencies, and prioritization of resources
  - Every academic unit should be self sufficient



# CU Anschutz: Campus Budget Model Illustration

